Daily Report

Latin America

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FBIS-LAT-95-145 *28 July 1995*

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Peace Council Praises Mexican Absence From U.S. Meeting

PA2807010395 Mexico City NOTIMEX in Spanish 2111 GMT 27 Jul 95

[FBIS Translated Text] Mexico City, 27 Jul (NOTIMEX) — Members of the World Peace Council have described Mexican Defense Secretary Enrique Cervantes' absence from the Inter-American Defense Board meeting in Williamsburg, the United States, as positive.

Orlando Fundora, regional president of the council in America, has told the media that nonparticipation in the military summit by Mexican Army representatives is a sign in favor of peace and of nonintervention in other countries' affairs.

Fundora, who is Cuban, said that when Mexico decided not to participate in continental peace missions proposed by the United States, the country demonstrated that the thesis based on respect for others' rights, the thesis of the glorious son of the Americas — Benito Juarez — "is functioning in Mexico."

Fundora said contact is being established with leaders of all the political parties to ask them to work in favor of establishing the home office of the WPC Regional Council in Mexico "because of its tradition in favor of peace."

Fundora said the home office is now in Cuba but "Mexico would be a better platform for transmitting, at the America level, the council's thesis against arms races."

Cuauhtemoc Sandoval, member of the council and of the Mexican Movement for Peace, expressed his satisfaction over the Mexican authorities' decision that a civilian and not a military man should attend the meeting convoked by the Pentagon.

The Mexican ambassador to the United States, Jesus Silva Herzog, attended the three-day meeting in Williamsburg, Virginia, as an observer in representation of the Mexican Government.

Sandoval said there are 20 armed conflicts in various American nations, and it is evident the United States is interested in intervening in them with the argument of defending peace, but in alliance with Latin American armies.

Francisco Hernandez, secretary of the Popular Socialist Party, said the United States is creating "a warlike environment" in Latin America with the intention of forming a military front for the entire region.

"Mexico should not invest in weapons at this moment, when we have serious social problems to resolve. We do not have to play the U.S. arms-race game disguised as a struggle against drug-trafficking," he said.

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Reaction to Williamsburg Defense Summit Reported

Argentinian, Chilean Reaction

PY2707145695

[FBIS Editorial Report] The following is a roundup of Argentinian and Chilean media reaction to the Williamsburg defense ministerial summit:

ARGENTINA

Buenos Aires TELAM in Spanish at 1211 GMT on 22 July carries a 450-word report on Defense Minister Oscar Camilion's comments on the Defense Ministerial Meeting of the Americas in Williamsburg, Virginia. During a news conference, Camilion underscored the importance of this meeting saying: "Progress in the globalization of commercial ties must, in some way or another, be replicated in the area of defense." He added: "We must bear in mind that the Americas are progressing by leaps and bounds towards the establishment — around 2005 — of a free trade zone from the Arctic to Tierra del Fuego." The report quotes the defense minister as saying that the Armed Forces of the hemisphere must be at the "service of democratic institutions, institutional stability, and the integration of free market economies of the region."

Buenos Aires LA NACION in Spanish on 23 July publishes on page 6 a 700-word report on Defense Minister Oscar Camilion's comments on the Defense Ministerial Meeting of the Americas. The report is similar to the previous TELAM item, adding: "The meeting may inspire a reversal of the national doctrine security that served as the framework for many coups d'etat in the 1960's and 1970's."

Buenos Aires TELAM in Spanish at 2141 GMT on 25 July carries a 600-word report on Defense Minister Oscar Camilion's speech at the meeting. He urged the governments of the hemisphere to enhance confidence and security by sharing their military plans. He said: "A free trade zone will be established in the hemisphere by 2005," which will require changes in regional defense. He added: "Latin American countries are redefining their concepts of conflict and risk, and overcoming their old ideas." He added: "New missions for the Armed Forces in peripheral operations are envisaged, like their participation in peace-keeping operations with other nations of the world." The minister stressed the need to incorporate "the question to preserve natural and marine resources." He said: "There are multilateral cooperation endeavors, like the fight against illegal drug trafficking, within a framework which — even though it is not the traditional one for the military — they must support."

Buenos Aires CLARIN in Spanish on 25 July publishes a 400-word article by special correspondent Jorge Grecco on Defense Minister Oscar Camilion's address at the Defense Ministerial Meeting of the Americas. The minister spelled out the limits and new role of the Armed Forces in keeping with the wishes of civilian governments of the hemisphere, namely "to uphold the constitutional order within a democratic system of government," and "to defend the rights of the individual." The minister emphasized that "all military units in the region must embark upon an adaptation and change process which entails a deep transformation in terms of Armed Forces personnel."

Madrid EFE in Spanish at 2248 GMT on 25 July carries a 550-word report on the Williamsburg meeting, highlighting remarks by Argentine Defense Minister Camilion during a news conference. Camilion says the issue of "Cuba was not broached." Neither was the Inter-American Reciprocal Assistance Treaty, because that instrument sought to confront "things that have already disappeared," referring to communism. He asserted that "Cuba is not seen as a threat." Explaining that the Argentine Armed Forces are not involved in drug enforcement, the defense minister said each country has a different situation concerning the fight against the illegal drug trade. He added that he had offered to train Latin American UN peacekeeping contingents at the newly established training center in Argentina.

CHILE

Santiago EL MERCURIO in Spanish on 26 July, page C6, carries a 400-word report on remarks by War Under Secretary Jorge Burgos Varela, who stressed the need to foment measures of mutual confidence among the countries of the continent. The Chilean delegation was to have been headed by Chilean Defense Minister Edmundo Perez Yoma, but he decided to suspend his trip at the last moment because of the recent events. Burgos Varela's speech focused on the need to increase measures of mutual confidence, similar to those successfully implemented by Chile over the past few years with the governments of Peru and Argentina. He said peaceful coexistence is the best treasure of Latin America and the Caribbean, which is strengthened with the consolidation of democratic political systems. He said that recent changes in the world have imposed a great task on nations of the zone, to develop democracy from Alaska to Tierra del Fuego, and establishing a free trade zone by the year 2005. He added that there can be no chance of joint international work in the continent unless we can truly seek understanding with our neighbors. He added that the defense ministries of the continent must construct a "secure, stable, and cooperative

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international system" to warn nations of the zone of traditional threats and show the path to overcome the new risks. He said: "From this perspective, let us assume that without peace there is no development, and without development there is no stability," adding that this task demands every effort to establish relationships among the different democracies, free trade, security and development, because political effort and economic integration cannot walk on separate paths. He concluded by describing some ways to develop measures of confidence with neighbors which result in greater stability, exchange, and trade.

Santiago EL MERCURIO in Spanish on 27 July, page C6, carries a 600-word report stating that U.S. Secretary of Defense William Perry yesterday phoned Chilean Defense Minister Edmundo Perez Yoma to congratulate him on Chile's outstanding participation in the Latin American Defense Ministerial in Williamsburg.

The report adds that Perry informed Perez Yoma about the issues discussed and the conclusions of the meeting. He also confirmed he will visit Chile in March or April 1996.

After regretting Perez Yoma's absence at the continental meeting, Perry praised Chile's participation and the performance of Chilean representatives in the discussions.

The report states that Vice President Al Gore said that in view of the widespread use of drugs in the world, the United States believes the Armed Forces should be involved in enforcement programs because they seem the only ones capable of combating it.

This position was accepted by the majority of those attending the conference except for Chile and Argentina which expressed doubts.

The report states: "On several occasions the Army, Navy, and Air Force have opposed the idea of allowing the Armed Forces, which are equipped and trained to safeguard national defense, to engage in tasks which the Constitution states must be conducted by security forces and the forces of order."

It states that Jorge Burgos explained the Chilean position at the meeting. It adds that in his second speech on the establishment of hemispheric security on the basis of the consolidation of democracy in the continent, Burgos stressed the need to strengthen measures of mutual confidence among countries in the region.

The report adds that Burgos stressed the progress Chile made in this regard with Argentina and Peru, and the steps adopted to perfect ties between their respective Armed Forces.

Burgos is quoted as saying: "Chile believes it is the duty of all governments in the continent to promote the establishment of 'a safe, stable and participatory' international defense system. This issue should be discussed at a special OAS session."

The report ends by stating that the speeches were followed by several round-table discussions that were attended by Under Secretaries Burgos and Cabrera and by General Raul Tapia.

Column Views Defense Ministers Meeting

PA2707210795 Panama City EL SIGLO in Spanish 27 Jul 95 p 2

[From the "Forum" column]

[FBIS Translated Text] The dispatches on what took place at the meeting in Williamsburg, where the defense ministers or their representatives gathered, give rise to profound reflections. The first meeting of this kind in the history of the democratic nations of America concluded with the promise of greater cooperation, following the Cold War, in order to achieve the objectives of combating drug trafficking and defending the environment.

The declaration of the spirit of Williamsburg expresses the determination of today's armies, which "are preparing to enter the 21st century subjected to the civilian authority that has stemmed from democracies." This transcendental declaration gains greater vigor because it includes the attitude adopted by the nation that has the greatest military power on Earth and that is the origin and root of modern democracy. This nation already gave the world a big example when from far away and with no other recourse than a telephone message President Harry Truman fired none other than General Douglas MacArthur, the Napoleon of the Pacific, and the latter, heeding his democratic upbringing, obeyed the order of a distant, civilian superior.

The mission that the armies in Williamsburg were entrusted cannot be more removed from military endeavors. For that reason, our country will do well in adhering to this continental effort by offering, in turn, the contribution we may give at the end of this century. The U.S. military will leave Panamanian territory on that date, and it will give us a free hand to reach, after that date, the commitments we deem appropriate. One of them may be turning us into the headquarters of the continental democratic team devoted to fighting drug trafficking and defending the environment. The reverted areas could perform this noble mission in favor of mankind and for our prestige and benefit.

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Column Views Decision on Antidrug Struggle

PA2707202995 Panama City EL SIGLO in Spanish 27 Jul 95 p 4

[From the "Let the People Judge" column by Ricardo Lince]

[FBIS Translated Text] The hemispheric defense organizations meeting at this moment in the United States decided by majority yesterday that their respective armies should be the ones to shoulder the burden of the continental antidrug struggle. Certain countries of the South opposed, fearing their own units would be contaminated by that vice by virtue of that function.

That decision has a series of implications for Panama, given it establishes a new objective for the Public Force and the Foreign Ministry. The proposals promote the idea that an antidrug struggle command be established at the Howard military base, where a seminar at the continental level is being held to coordinate strategies and to outline objectives precisely for this struggle.

That hemispheric decision favors the plan that such bases remain in Panama after the year 2000. This issue is a controversial one because U.S. laws reportedly establish for its Army military defense purposes only. The question is cleared up now, and it is considered that the antidrug struggle is necessary for U.S. security in view of the alarming penetration and damage it inflicts on U.S. society.

This new policy, of course, will strengthen the military functions and power, because a good deal of the funds for the armies' antidrug campaigns will be designed to build up the power and equipment of all the armies of the American countries. In addition, it will have a similar effect on the new law of the Panamanian Public Force, with the idea of having an armed group ready to protect the Canal, as well as the air, land, and sea regions along the border, in keeping with the new doctrine endorsed at that meeting being held in the United States, with representatives of all the armies of America, including the Panamanian police.

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Cuba

Fidel Castro Speaks at Moncada Ceremony

PA2707035295 Havana Radio and Television Networks in Spanish 2326 GMT 26 Jul 95

[Speech by President Fidel Castro at the ceremony marking the 42d anniversary of the assault on the Moncada Barracks at the Mariana Grajales Plaza of the Revolution, in Guantanamo, Guantanamo Province — live relay]

[FBIS Translated Text] Relatives of Moncada Barracks combatants, distinguished guests, people of Guantanamo, fellow countrymen:

I have come with pleasure to fulfill my duty to be with you for the commemoration of the 42d anniversary of the attack on the Moncada Barracks.

Guantanamo was honored with hosting this anniversay not only because of its outstanding work performance in many fronts but especially because of the dignity and efficiency with which it faced the various natural disasters that have battered this province.

Fate determined that we should also commemorate this year in Guantanamo the landing of Marti and Gomez at Playitas and the landing of Maceo and Crombet and other patriotic commanders at Boada.

This year we commemorated in Dos Rios the 100th anniversary of Jose Marti's death in combat. Many emotions and memories are going through our minds at this moment. However, the essence of this is that our struggles for independence began 127 years ago. These were struggles for sovereignty, liberty, justice, and dignity for our small but patriotic and heroic nation.

We are at the very doorstep of a powerful and expansionist nation that has never ceased expanding its borders, first at the expense of the Indians who lived in much of what is now the United States, who were practically exterminated, and later at the expense of the Latin American and Caribbean nations. Very few countries have had to face a challenge and a threat as huge as the one faced by Cuba — the ripe apple that was supposed to fall of its own weight in the claws of the incipient empire.

At that time, there were already people who thought resistance was an impossible task, but there were also people who never resigned themselves to the idea of surrendering their independence, their culture, and their national identity.

Thanks to those eminent forefathers, today we speak Spanish and not English. The efforts and sacrifices made by entire generations of Cubans did not realize revolutionary dreams of justice and full independence but planted the good seed and paved the road.

We could not continue being a foreign colony, we could not remain obedient servants of the empire, or a country of landless peasants, of children without schools, of sick people without doctors, of exploited workers, of blacks without rights, of discriminated women, of young people without a future, of jobless people, of humiliated citizens, of mocked laws, of unstoppable corruption, of senseless flags and anthems.

Evictions, police brutality, abominal crimes: This is the kind of makeshift republic the imperialist intervention left for us in our fatherland.

Looters of the public treasury, corrupt politicians, people responsible of atrocious repressive crimes, had sure refuge in the United States, especially if the crimes were committed on behalf of U.S. economic interests and the anti-communist ideology of that country.

The same has happened in recent years in many other countries of our hemisphere.

Who has trained repressive forces of Latin America in crime, torture, the massive elimination of citizens, death squads, clandestine cemeteries, and other abominable practices?

The 26 July military uprising was carried out in 1953 against everything that occurred in Cuba under Batista, the most obdurate servant of the empire's interests and reactionary ideology. The revolution that emerged in the Moncada Barracks and continued in the prisons, the Granma, the Sierra Maestra, and the clandestine struggle in cities, prairies, and mountains led us to the 1 January 1959 victory. We became masters of our own destiny for the first time in history.

The Moncada program was rigorously carried out in a relatively brief time. Secular privileges and injustices were swept aside. It was not a socialist program but it included the basic ideas for subsequent progress in that direction. We, the main leaders, had socialist ideas and convictions — Marxist-Leninist, to be more precise — as we have said many times, but the Cuban revolution did not at the time. Nevertheless, the process was quickly stepped up as a result of the aggressive policy adopted by the U.S. Government. As soon as the first agrarian reform law was approved in May 1959, that country's administration decided to liquidate the revolution by using mercenary forces — like it was done in Guatemala in 1954 with Jacobo Arbenz' government, which also tried to conduct an agrarian reform.

Prior to this, strong actions of economic aggression were carried out against our country. Because of a

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process of measures adopted by the U.S. Government and Cuban reaction to these measures, most U.S. enterprises in Cuba were nationalized in a short time. The measures were followed by others to nationalize the most important Cuban private companies, whose owners, as a rule, supported the North American policy. Thus, the socialist character of the revolution was declared on 16 April 1961, the day after the treacherous bombing of our air bases and on the eve of the Playa Giron invasion, before tens of thousands of armed militia members. If we fought for the Moncada program at the Sierra Maestra in Playa Giron, our heroical people shed their blood for socialism, right in front of a powerful U.S. squadron located a few miles off the coast, ready to intervene.

The historical circumstances in which our struggle was waged showed it could not even be termed revolutionary unless it was also anti-imperialist and socialist. Only socialism could unite the great masses of the people so closely to wage the huge moral, political, economic, and social battle that lay ahead of us and to be prepared to wage it in the military field if the country was invaded. It was necessary to conquer with justice — as Marti told Juan Gualberto Gomez. Only socialism as a political, economic, and social regime could provide all the justice. [applause]

We did not design the world in which this long 36-year struggle has taken place; its extraordinary story cannot be expounded at this moment. It was already designed on 1 January 1959. However, no one should harbor any doubts that, whether or not the USSR and the socialist bloc existed, we would have attacked the Moncada Barracks, we would have landed with the Granma, we would have made it to 1 January, and we would have struggled in Giron. When Mateo protested in Baragua, when Marti landed in Playitas, when the Mambi Army carried out the glorious invasion, and when Cuba fought alone against 300,000 Spanish soldiers, neither the USSR nor the socialist bloc existed.

At the time, we did not have any contact or relations with those countries; those relations only emerged after our victory. The emergence of the Cuban revolution and the existence of the USSR and the socialist bloc was a historical coincidence, although extraordinarily useful when our small country was mercilessly blockaded in the economic field, harassed and threatened militarily by the United States.

For those harboring doubts about what I have just said, one need only witness the irrefutable fact that when the socialist bloc and the USSR disappeared, our people, in spite of having abruptly lost 70 percent of their imports and all military assistance, did not hesitate for one second to move on and defend at any price their independence, their extraordinary social accomplishments, their glorious history, their ideas, their revolution, and the fruit of the blood spilled by their children inside and outside of Cuba. [applause]

Many who underestimated the courage of these people believed that the revolution would collapse in a matter of days or weeks. And here we are, not only resisting but gradually beginning to gain ground. [applause]

Compatriots, we do not forget for one second the efforts and sacrifices that the special period has meant for our people. It has also been very difficult and tough for the revolution to wage the struggle, when it is necessary to attend each day to the problems and needs of 11 million people. What must we do to prevent one child from being deprived of his milk, one sick person from being deprived of the essential attention he may require? What must we do so that there is a minimum amount of food, electricity, water, domestic fuel, transportation, and many other products and services that the population requires?

It is not the same to attend to the problems of a guerrilla army in the mountains as it is to attend to the requirements of an entire nation, when our enemies are making tremendous efforts to block and hamper everything. But nothing of what we do today has been or will ever be in vain. It represents an unprecedented feat in history that even under these circumstances, not one school, not one hospital, not one elderly home, not one children's nursery has been closed.

The infant mortality rate is today lower than when the special period began, and there are many more doctors now. The defense and security of the country have been strengthened. Scientific research, culture, and sports activities continue to be developed. Our agriculture and our industry are functioning. Orderly work is being performed everywhere. Some results can already be observed. The petroleum production is increasing, together with that of nickel, electricity, steel, cement, edible roots, vegetables, and other products.

The gross domestic product increased by 2 percent in the first semester of 1995. This is a modest yet noteworthy figure. It would have been higher without the reduction in production registered in the sugar sector, where today special efforts are being made to produce positive results in the near future.

In less than a year, excess liquidity in the hands of the population declined by practically 2.7 billion pesos. The peso strengthened from a street value of 130 pesos per U.S. dollar to nearly 35 pesos per U.S. dollar, which is being paid today. Thus, we are making significant

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progress in reorganizing the country's finances, but this objective also requires strict compliance with the outlined policy that still has measures pending. In this respect, we should not fall prey to the temptation to issue new pesos for circulation. As liquidity continues to decline, efforts to reduce the amount of pesos in circulation are becoming more difficult, even if the need is becoming indispensable. The positive effects of this measure can be seen in the increased interest in the work being done and better wages.

Tax collection must be more rigorous. However, the scarcity of convertible currency to carry out necessary imports still constitutes a major problem for our economy. This currently represents a major setback. We are receiving some funding but with very high interest rates. There have been occasions when an increase in the price of just one of the items we import such as fuel, food, or powdered milk, tends to generate critical deficits. This is a reality we should always keep in mind.

Several measures have been implemented in the past few months that constitute a major shift and focus on the economic sector. Some of these measures are wide-ranging, as well as quite radical, and seek to improve work in that particular sector and to enable our economy to adapt to the realities of today's world. Other countries such as China and Vietnam are currently taking the same measures. However, does this mean that we should abandon our socialist principles or our Marxist-Leninist convictions? On the contrary, we should continue to conduct ourselves as genuine Marxist-Leninists with all the courage and realism circumstances may demand. At any rate, this does not imply — as some would seem to believe — that this is a return to capitalism, or much worse, an insane and hysterical race in that direction. The incredible misfortunes that have been taking place in the countries of the former USSR, despite their tremendous reserves of energy resources, raw material, and foreign financing, compared to the impressive success accomplished by China and Vietnam, is clearly indicative of what can and cannot be done if we expect to preserve the revolution and socialism. [applause]

All of this without taking into account the fact that the previously mentioned nations are not suffering a blockade by the United States. Cuba is blockaded to the hilt, cruelly and viciously. All of the empire's financial weapons are turned against us. It is for this reason that only our socialism, serenity, and sangfroid have made it possible for us to brave our problems and to pave the way to the miracle of our resistance. The unquestionable elements of capitalism introduced into our country, have also brought along that system's harmful and alienating problems. Examples of corruption and blackmail, which we never witnessed during our 30 years of trade with the USSR, are gradually taking place and growing in our economic relations with capitalism. Let us fairly say that there are some very responsible capitalists who have relations with us and who conduct themselves correctly. However, there are others who prefer to turn to such universal capitalist practices as corruption and blackmail in either a subtle or open manner. There are also those who have allowed themselves to be driven insane by their lust for convertible currency and are even prepared to sell their souls. Wide-scale tourism, the depenalization of convertible currency holdings, institutions that sell these currencies, are all measures that became unavoidable but that also carry an inevitable cost. It appears as if some, by looking at their demeanors and lifestyles, seem to relish their roles as entrepreneurs. Others seem committed to create firms or small establishments at whatever cost simply to handle foreign currencies and on many occasions simply to lavish these resources and violate specific guidelines regulating these holdings. The struggle that the party and government will have to undertake against these trends before they turn into a cancer that devours our ethics and revolutionary spirit will have to be a colossal one. We will have to be implacable toward those who violate our most sacred principles. The blood of so many was not spilled for nothing to allow such a pathetic conduct in this most difficult hour of the fatherland. [applause] Our struggle is a formidable one; therefore our souls must be hardened by steel.

The enemy does not falter in its determination to destroy us. There are two concepts: that of the extreme rightists in U.S. politics who dream of strangling us with an even stronger economic blockade, if this were possible, and to erase us from the face of the earth by any means.

These are the people who promote bills such as the Helms-Burton bill — which is well-known and has been analyzed by our people — and other Draconian measures. These are the people who want to destroy us from abroad.

The other concept is that of those who want to infiltrate us, weaken us, to create all types of counterrevolutionary organizations, and to destabilize the country regardless of the consequences. An entire theory has been devised, with a program designed for this purpose. These people want to exert their influence through broad exchanges with diverse sectors that they consider vulnerable, to grant doubtful scholarships, and to dazzle us with their billion-dollar institutions, their technology, and their social research centers.

They do not authorize North Americans to travel to, tour, or rest in Cuba, but they are willing to send to our universities sociologists, philosophers, historians, Cuban

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experts, professors of English, and other academicians to impart knowledge among us. However, by no stretch of the imagination do they want to send a professor of cybernetics, computer technology, or any other technological area that has nothing to do with ideology and who could be of some use to the country.

In other words, the so-called track two of the Torricelli Law. These are the ones who want to destroy us from within. There are many valuable and noble North Americans of all spheres, including businessmen, who do not share any of those concepts. Meanwhile, from U.S. territory — and this is very serious — active work and organization very brazenly is under way to prepare and carry out terrorist acts against the people and vital areas of the economy, and once again, attack plans against revolution leaders, in which frantic work is carried out.

The basic center of such actions is the so-called Cuban-American National Foundation. It is absolutely impossible that the CIA and the FBI do not know about these plans, when supposedly they have penetrated these organizationss and many foundation members had connections to them.

Today, with the opening of our country to tourism and the possibility of traveling in both directions, between Cuba and the United States, these plans become easier. Different ways to introduce the means to carry them out makes it more feasible.

Our security corps are alert over these activities and work to prevent such acts. We do not speak without proof, we warn about this in time, and we hope that no one regrets afterward the rigor of the revolutionary laws that sanction these crimes. No use appealing to the generosity of the revolution. [applause] [crowd shouts "Fidel!"]

To this we must add the fact that from U.S. territory, more than 1,000 weekly hours of radio broadcasts incite the population to stage sabotage actions, to hamper the economy, and to murder political leaders.

It is absolutely shameful, following the brutal Oklahoma crime, that from the United States acts of terrorism are organized and planned against Cuba. What I have said up to now gives you an idea of how hard our struggle is and will be.

It must also be taken into acount that that country is undergoing an electoral process; and the extreme right elements, who today hold the majority in the U.S. Congress, aspire not only to wipe out the social measures originated in the time of Roosevelt but also to occupy the U.S. Government, with all the consequences that may have for the world.

Compatriots, we must be prepared for all these alternatives. The conditions of the blockade, in which we are obliged to resist and advance, demand from all an extraordinary effort, an immovable firmness, absolute honesty. In normal times and with an abundance of resources, which were also times of great egalitarianism, many people got used to receiving everything and contributing very little.

A critical analysis would make us recall the inflated personnel rosters in production and services, absenteeism with any excuse, the 4- and 5-hour work schedules in many agricultural companies, excesses in fuel and raw materials spending, and the misuse of agricultural machinery and transportation. We cannot afford any of these luxuries today.

In recent times, we have been demanding increased efforts from party and state cadres.

The renewal has been broad. Everybody has a big commitment. However we can still see errors, weaknesses, irresponsible attitudes, lack of ability.

Today, as never before in our history, our workers and cadres must exhibit the highest levels of patriotism, morale, and dignity.

Side by side with cases that sow discouragement, there is a growing number of men and women whose behavior corresponds to the times we are living through. In many places there is a revival of the revolutionary spirit.

It is moving to see how in the countryside and in factories there are men and women who have to work wearing tennis shoes and often barefoot. This should serve as an example to the opulent ones and to those who did not believe hard enough in the virtues of our people.

The extraordinary human and political qualities of our fellow countrymen became evident in the most recent elections, which became a veritable message to the world about how Cuba is. The elections demonstrated how a nation that has an elevated culture and solid political awareness behaves.

The enemies of the revolution had the illusion that the revolution was worn out and weak because of the difficult special period situation. What happens here is very different from what happens almost everywhere and in the United States.

The people here are absolutely free to vote or not, yet 97.1 percent of the people voted.

Even if we were to believe that none of the void ballots were the products of errors, that none of the blank votes were the result of unconformity with all the

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candidates of the district, if we were to believe that all void and blank votes were expressions of discontent and opposition, we find that the total of void and blank votes was only 11.2 percent, only 0.6 percent higher than in 1992.

A certain wearing down, a relative demonstration of discouragement was expected as a result of the difficult situation our most heroic people have endured, but this did not occur. This election was a moral Playa Giron defeat inflicted on those who want to bring us to our knees. [applause]

People of Guantanamo, I have said little about you and I will say little to avoid being too lengthy. The list of figures that speaks of Guantanamo's performance is endless. I will mention only two to give the North Americans an example of what social development means. [applause] Guantanamo, Cuba's poorest province, with one doctor for every 271 citizens, has more doctors per capita than the United States. [applause] Its 9.2 child mortality rate is lower than that of the capital of that country. [applause] I warmly congratulate you for having been chosen to be the host of the 26 July event.

Cuban women to whom this commemoration has been dedicated: I would have to begin speaking again to be able to speak about you. I wonder if there is any other place in the world where 62 percent of the country's technical force is made up of women [applause] and if what we have achieved so far would have been possible to achieve without you. [applause]

I also congratulate you for the unselfishness and sacrifices that made you earn this just homage. [applause]

Soldiers of the heroic Border Brigade [Brigada de la Frontera], I congratulate you for having received the Major General Jose Maceo flag of combative glory. [applause]. You have written an indelible page of bravery in the revolution's history and you have given the supreme example of generosity through the dangers you confronted to save the lives of those who had renounced the fatherland. [shouts, applause]

I also congratulate the party and People's Government of Guantanamo [applause]; I congratulate the people of Guantanamo [applause]; I beg your forgiveness if, for the sake of time, I failed to say many other things that could have been said here. [applause]

In 1995, I too will observe 50 years since the start of a lengthy and intense political and revolutionary struggle, which, among other things, has allowed me [applause, crowd shouts: "Congratulations Fidel, congratulations!"] which, among other things, has given me the enormous privilege of being here with you.

It is no longer necessary to deliver the lengthy speeches of the revolution's early years. I wish to add only one thing: the revolution will never renounce its principles; it will never renounce [applause] it will never renounce the achievements it brought our people; it will never renounce its ideas and goals; it will never kneel before the empire. [applause].

Sovereignty is not surrendered or negotiated. [applause] The right to build the social, economic, and political system of our people's choice cannot be surrendered to anything or anyone. [applause].

The revolution cannot be destroyed from the inside or the outside. [applause] If we must struggle 100 years more, we will do so. Those of us who have had the privilege of knowing freedom, dignity, and justice will never resign ourselves to living without them. [applause].

Socialism [crowd shouts: "Or death!"]

Fatherland or death [crowd shouts: "We will win!"] [applause]

Castro Interviewed After 26 Jul Ceremony

FL2707180795 Havana Radio Rebelde Network in Spanish 1155 GMT 27 Jul 95

["Conversation" with Cuban President Fidel Castro Ruz and reporters Felix Fernando Garrido, Aroldo Garcia, and Jose Mejia, following ceremony commemorating the 42d anniversary of the Moncada Barracks attack in Guantanamo — recorded]

[FBIS Translated Text] [Mejia] Good evening, Commander. In your speech you mentioned the development of joint enterprises in Cuba and the progress made. You also talk about other issues. As a young man, I have this question: The strategy of the party, the Revolution, after five years of special period?

[Castro] The strategy? In what sense?

[Mejia] For the next few years, the forthcoming times in which we are beginning to make headway and progress.

[Castro] We have to continue spurring on what we have been doing — all these activities. We have to consider the situation that Cuba found itself in — terrible. People fail to understand the full impact of losing 70 percent of our imports overnight. No one knows how we have been able to make it through. This is what I wanted to say. The schools, the hospitals are feats, everything. The country has kept things organized, has worked hard. Now we begin to experience the first signs. See what is happening in Europe, where countries being lent tens of millions of dollars are not getting ahead. Those

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countries that took that path of market economy are facing a disastrous situation. They destroyed the state, the history, everything. Their situation is extremely dire. That is not the case of the PRC. For almost 20 years, the PRC has been conducting a policy of opening and all that. However, there is a reality I wanted to stress today.

We do not have the same conditions as the PRC or Vietnam; we are blockaded. There is a rigorous economic blockade which seriously hampers our path. Yet, we are making progress with the things we have done. I would say that we are experiencing a renaissance of revolutionary ideas, the revolutionary spirit. This is seen in many parts. I speak all the time with comrades who travel all over the island and they tell me how everything is progressing.

[Garrido] Commander, Radio Rebelde has been here for several days and one of the most important things we have observed is your phrase, Eastern Cuba was not divided but multiplied in five vigorous provinces, is a reality here. Not five, nine provinces [corrects himself].

[Castro] It is what I was thinking about, because whenever you observe any of these provinces, you see there is the spirit of a new province. I was wondering today: Heck, why isn't there more progress in Guantanamo? It has one of the best bays in the world. The reason is the Yankee naval base; because it has prevented the use of that bay for the development of Guantanamo. I saw Santiago from the air during the flight. I told myself: Santiago has all kinds of things — factories, and other things — and it is not as good as bay as Guantanamo's.

[Garrido] This is the third best in the world.

[Castro] Had the base not been in this bay, Guantanamo would have experienced an incomparably greater development. Just look at all the factories in Santiago, they are around its bay. And here that has not been possible. The bay is occupied.

[Unidentified female speaker] We are poor here but we have honor to spare.

[Castro] Undoubtedly. When I said poor I was stressing the reality of this province. This province has had less possibilities, yet is has developed. Guantanamo is very different today. However, from the industrial point of view, we have always endeavored to locate factories in this region, such as the bicycle factory, the two furniture factories, the rubber....[changes thought] I think a documentary was shown about that. We have endeavored to see what can be done in Guantanamo every day — even before it was a separate province — as part of following the concept of seeking national development, increasing jobs, wealth for every region.

There is no doubt that the political-administrative division helped greatly to develop Cuba because now almost every province has a square like this one. When this region was Oriente Province the main square would have been in Santiago, but today we find these squares in Bayamo, in Holguin — do you see? — in Las Tunas. None of these cities would have experienced the development they have experienced if it were not for the political-administrative partition conducted. If it had not been for the special period, the number of factories we had built, all the cement, block, brick factories, construction steel expansion to make hospital furniture; if we had all those resources we had, these cities would have grown like rising foam because we would have attained the level of 100,000 homes we sought.

I was talking today with Lage about measures being taken, or that could be taken, to produce more construction steel, to produce more cement. He was telling me that one of the production lines of the Karl Marx Cement Factory is going to be restarted. We are going to find the oil, or use ours and restart on the three lines capable of producing between 400,000 and 300,000 tons to be used to meet these urgent needs and mainly construction of low-cost homes which only use 400 kilograms of steel. Others techniques use at least one more ton. We have to consider the low-cost homes option and endeavor to build about 50,000. That should be the goal. Of course, the low-cost options are better suited for cities in the interior of the country. Every time I mention the interior of the country, I remember the deputy that said: Commander, but what are the rest of us? Well, let's call them the rural regions which is an honorable title; regions other than Havana, the capital. We are thinking about building 50,000 homes as expediently as possible. This year we are striving to build between 25,000 and 30,000 homes. But restarting one of the production lines at the Karl Marx Factory, currently closed, would provide a significant amount of cement to be used for this goal, to meet this social need. We need to produce about 20,000 tons of construction rods. We have the new ovens, electric ovens at Antillana de Acero.

[Indistinct remark by unidentified speaker]

[Castro] Yes. But the problem is making them. Making construction rods is not as hard as producing the iron. One needs to have [word indistinct], metal scraps. We have considered all those options in order to boost this effort. If we are able to boost the constructive impulse experienced in the provinces, we can being to solve problems and begin to increase housing construction levels significantly.

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[Garcia] Commander, progress is being made, above all, thanks to innovations. I am aware that the Sugar Industry, for example, is endeavoring to reduce the amount of steel needed by adding other materials which also reduce the amount of cement needed. There are results. In Holguin I observe good results.

[Castro] Recently I read that paper is being used — no, what was it? Roofing material.

[Garcia] Coconut fiber is being used here in Guantanamo.

[Castro] And fibers from the paper factory in Camaguey.

[Garcia] And bagasse fibers.

[Castro] The people keep coming up with new solutions, but construction requires a minimum of cement and steel; so does the making of hospital equipment. We are trying to see how, with a minimum of resources, we can begin to boost low-cost housing construction in rural areas rather than in Havana. In Havana, areas are being sought to build homes but it is not the same if you can build higher density construction, perhaps two stories. You can build up to three stories with the low-cost technique, right?

[Unidentified speaker] Yes. With the brick half-vault, consumption ranges from 4.5 tons to 6 tons per home. The use of cement increased because wood is in short supply, and we had to resort to using lattice windows. And, we did not have steel of the right diameter and this resulted in more consumption of cement. The average is normally between 4.5 and 4 tons per home.

[Garcia] Commander, I came to inaugurate Radio Rebelde studio here in Guantanamo Province. Perhaps you have heard the phrase: From The Eastern Heights [el alto Oriente], which Radio Rebelde has coined since it opened 4 April.

[Castro] Where?

[Garcia] No. Right here, in front of the square.

[Castro] It's not that high then.

[Garcia] But it is the summit of the men and women of this province. Commander, I have one question, a comparison: Surpassing the distance in time — Marti, Fidel; Raul, Maceo.

[Castro] No person alive can be asked that. Remember that we have followed an unwavering policy against personality cults. Legend can only be rendered upon our dead. Let future generations decide if one deserves such homage, but that is unthinkable while alive.

[Mejia] Today, today we had the privilege of hearing you state that precisely 50 years ago, you began the revolutionary struggle. You have taught that every goal reached is a new starting point.

[Castro] In the midst of so many centennials, all of a sudden I remember that it is going to be fifty years; I began in 1945. It is hard to believe; but it has been intense, without rest, very intense work all along. It came to mind here. I was going over the issues I had to discuss today, very delicate issues. I did not want to leave it to improvisation. I wanted to avoid saying one word too many, or one word too little; having one comma too many, or one comma too few. Although I like standing at the dais, there is always the risk of not being able to say everything as clearly as required.

I was putting some ideas down on paper, and next thing I knew, I had an entire speech; but I had so many issues to discuss and I worried I might miss some things I had to mention. There were important issues such as the strategy against us, terrorist plots, and a series of important things I believe are important. Next thing I knew, I had written it rapidly in a small notebook. I was worried about how to bring together so many issues such as the elections and other economic issues involving new concepts. I believe everything we are doing regarding the economic opening — the changes, the implementation of new concepts — are very important. I was worried because I did not have that much time. At first I thought I would do it as usual, but then I realized that was not the best. I had almost no time left.

[Garrido] Commander, the emulation campaigns earning the right to host the 26 July ceremony have brought a new mood lately. All the provinces are requesting the privilege of hosting it. They compete like the three armies.

[Castro] I believe there should be about at least 10 provinces vying to host the ceremonies, rather than just one claiming this right in light of its accomplishments. It should be an emulation in which all participate.

[Garrido] Commander, I believe it is going to become like the emulation campaign between the three armies, which in the end, as Raul said, is going to require your intervention.

[Castro, laughing] I hope they do not start fighting among themselves.

[Garrido] I want to thank on behalf of Cuban reporters for your words.

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Castro Visits Marti Tomb, Poses With Tourists

FL2807014495 Havana Radio Rebelde Network in Spanish 2300 GMT 27 Jul 95

[From the "Exclusive" program]

[FBIS Translated Text] On 27 July, Commander in Chief Fidel Castro visited Santa Ifigenia Cemetery in Santiago de Cuba, where he paid homage to national Cuban hero, Jose Marti, the intellectual author of the Moncada Barracks assault.

Castro also observed a minute of silence before the Retablo de los Heroes monument, which houses the remains of combatants who died in the Moncada Barracks attack and in the fight against Batista's tyranny. Castro stayed in the cemetery for more than an hour, also visiting the graves of Mariana Grajales, Maria Cabrales, Carlos Manuel de Cespedes, Frank Pais, and others who died defending the fatherland.

While stopped at the Retablo de los Heroes monument near the Jose Marti mausoleum, Fidel reflected on a phrase contained in the nation's manifesto, which he wrote on 12 December 1953 in Isla de Pinos prison, and read: I hope someday that people might walk the indomitable eastern fields of a free fatherland, to gather the heroic bones of our comrades, and lay them — as the martyrs that they are — with the remains of our apostle, in a large tomb with one of Marti's thoughts as epitaph: "No martyr dies in vain, and no ideas are lost in the wind's tumult. They are scattered nearer or farther, but their memory remains."

Castro was accompanied by Politburo member Carlos Lage; by Juan Carlos Robinson, first secretary of the party in Santiago de Cuba; and by Havana City historian, Eusebio Leal. The commander in chief was warmly received by neighbors of the Jose Marti district who encountered him, and by visiting Spanish tourists, with whom he posed for photographs.

Castro Receives Award for Guantanamo Contribution

FL2807020195 Havana Radio Rebelde Network in Spanish 2300 GMT 27 Jul 95

[From the "Exclusive" program]

[FBIS Translated Text] Commander in Chief Fidel Castro, first secretary of the Party's Central Committee, received the La Fama statuette, symbol of Guantanamo City, in recognition of his contribution to Guantanamo Province's development. Castro received the distinction a few moments after his speech that ended the 26 July central ceremony in Mariana Grajales Revolution Park, accompanied by several comrades who participated in the Moncada Barracks assault.

The small statuette, which symbolizes a mythological Greek goddess, the announcer of good news, acknowledges Fidel as distinguished son of Guantanamo City and undoubted leader of the Revolution.

Castro Talks to Reporters After Moncada Ceremony

PA2807043495 Havana Radio Havana Cuba in Spanish 0000 GMT 28 Jul 95

[Report by Isis Maria Allen, from the "Evening Information Review" newscast]

[FBIS Translated Excerpt] As the main event marking the 42d anniversary of the attacks on the Moncada and Carlos Manuel de Cespedes Barracks concluded at the Mariana Grajales Revolution Square in Guantanamo, a simple ceremony was held to award President Fidel Castro a replica of the Goddess of Fame, which symbolizes the city of Guantanamo and which is being awarded for the first time. Shortly thereafter, the top Cuban leader talked to local reporters.

[Begin recording] [Unidentified reporter] We have just listened to your speech. What is the special meaning behind the reaffirmation in Guantanamo of the concept that our sovereignty cannot be damaged not even in thought?

[Castro] I think it is clear, from the manner in which it was said, that it is inconceivable. This is a time in which many people offer advice, and our neighbors from the north are intending to negotiate or make Cuba negotiate. They are saying so publicly. Of course, they have not talked to any of us; that is obvious. It is their usual position. It is inconceivable not to surrender sovereignty as we conduct business. We do not accept their imposition of any type of political, economic, or social system on us. As you saw, I explained that this right could never be surrendered, the right to elect the political, economic, and social system we consider advisable for our people. [end recording]

In another part of the dialogue, the Cuban president talked about the strategy the country will pursue in the next few years. [passage omitted]

[Begin recording] [Reporter] On 11 April, we saw you visibly moved in La Playita de Cayo Babo. Today, 26 July 1995, 42 years later, how do you judge the example set by Marti's thoughts here in Guantamano?

[Castro] It is almost a philosophical question [laughs] Marti's thoughts.

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[Reporter] He is a philosopher.

[Castro] We need an entire life to really judge Marti's thoughts, to thoroughly study them, to know them by heart, to take them in, and to raise awareness of them, as people have been saying. I have lived them from the time I was born, basically, from the time I could reason, and from the time I ran into the first of Marti's thoughts; I was a Marti follower. [end recording]

We have presented to you excerpts of the dialogue Cuban President Fidel Castro held with local reporters following the main event marking the 42d anniversary of the attacks on the Moncada and Carlos Manuel de Cespedes Barracks, which were the actions that ignited the last phase of the people's fight for their complete independence.

U.S. Congress Rejects Cuts for 'Anti-Cuban' Stations

FL2707200295 Havana Cuba Vision Network in Spanish 1630 GMT 27 Jul 95

[From the "NTV" newscast]

[FBIS Translated Text] In the United States, the ultraconservative Congress rejected two amendments to cut funds to the anti-Cuban radio and television stations. An amendment proposed by Democratic Congressman David Skaggs sought to eliminate the $12 million budget of the government stations transmitting anti-Cuban material, but it was voted down in the House, 285 to 139. Another amendment, proposed by Representative Jose Serrano, aimed at eliminating the broadcasting station's executive advisory board, failed to pass, by a vote of 277 to 150. The issue now goes to the Senate. However, due to the conservative majority, similar results are expected.

Another example of the ultraconservative interests that dominate the U.S. Congress was the decision — also in the House of Representatives — to reject the budget needed to open an embassy in Vietnam. President William Clinton decided to establish relations with Vietnam. however, yesterday Republican Robert Barr's motion barring the use of funds in the operation of a diplomatic mission in Vietnam was upheld.

Article Criticizes U.S. Defense Budget

PA2807014995 Havana PRENSA LATINA in Spanish 1357 GMT 26 Jul 95

["Exclusive" article by Division General Jesus Bermudez Cutino of the Revolutionary Armed Forces of Cuba: "A Hot Budget Despite the 'End' of the Cold War"]

[FBIS Translated Text] After more than a quinquenium since the collapse of the Berlin Wall, the U.S. military budget projects include development of weapons that surpass the true needs to face what the Complete Review Program (Armed Forces restructure program to the year 2000) describes as "two nearly-simultaneous regional conflicts."

The increasing police role of the U.S. Armed Forces is shown in the figures supplied by General Gordon R. Sullivan (retired), former head of the U.S. Army Joint Chiefs of Staff: "We are conducting more military operations now than at any other period since 1945, except during the Korean, Vietnamese, and Persian Gulf wars. The need to deploy military forces to fulfill operations has increased 300 percent. The average daily number of soldiers deployed in the spring of 1990 was 6,000 compared to the 20,000 soldiers deployed on a daily average in mid-1994."

National U.S. military strategy from February 1995, clearly shows that: "The challenges to our global interests did not disappear with the end of the Cold War. Today we face a world in which threats are varied and uncertain and where conflicts are probable, but too often unpredictable." Because the inventors of the alleged threats are also unpredictable, in a world in which everything concerns the "owners of the planet," everything that is done or not done may form part of its global interests.

Afterward the document states that: "...Russia will continue with a great number of nuclear weapons and associated carrier systems." This, translated into practical language, means that despite the fact that officially the Cold War is over, the United States continues to worry because its former enemy has the capacity to strike U.S. territory in a matter of minutes, only they know for what reason, or they simply have a premonition, and this is enough to affect the taxpayers' pockets under the maxim: an ounce of prevention is better than a pound of cure.

The creation of new "intelligent weapons" will cost about $1 billion. This is more than the entire budget of several Third World countries. The main mission for these weapons will be to destroy underground storages, protect their own military aviation, or fool adversary missile guidance systems. Where will these super missiles come from?

Among these weapons, just to name a few, are laser-guided missiles, carriers of submunitions capable of neutralizing great groups of tanks, for example, or

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"plant" mines in specific areas. Anyone would guess that those who say the war ended did so under the effects of electro-shock.

One of the weapons whose financing is under discussion in this budget to increase existing inventories is the B-2 "invisible super-bomber," which according to its manufacturers, can dodge powerful and sophisticated radars and antiaerial missiles. Gen. Ronald S. Fogleman, chief of staff of the U.S. Air Force, said that this plane is designed to penetrate the most sophisticated adversary defenses, and of course these defenses only exist in powerful countries such as Russia.

To this, one needs to add that U.S. strategic nuclear forces continue exercising with "simulation" fights with certain types of adversary bombers that exist only in the Russian Air Force, while they carry out dynamic nuclear blows against Russian territory, just as in the "best" times during the Cold War.

The U.S. Congress, which supposedly is the eyes and ears of U.S. taxpayers, intends assigning the Department of Defense $264.7 billion, some $7 billion more than the military had requested, despite the fact that the Cold War "ended" several years ago.

Some Democrat congressmen criticized the projected budget stating that "there are no new threats to U.S. security," to justify increase defense spending. They added that "..Republicans want to return to the Cold War." It is not really known whether they want to "return" or continue.

On 26 June, THE NEW YORK TIMES, in an article entitled "Preparations for War (against ourselves)," questions the size of the 1996 budget and states that "there is no justification for this scale of spending." It adds that the programs are superfluous and can only be justified by production or to preserve profits and jobs.

The article adds that the U.S. Armed Forces Joint Chiefs of Staff prepare to immediately wage "...a double war against the so-called roguish states [estados bribones]: Cuba, Libya, Syria, Iraq, Iran, and the DPRK."

If anyone harbors any doubts as to the need that we always be alert to every "play" — economic or military policy of the enemy, that every day we be more prepared to defend ourselves, that sometimes we have to get up at the break of dawn on a Sunday to dedicate several hours to defense activities, then he should meditate over these topics, and always keep in mind that we are disliked by our northern neighbor.

It does not matter that we work to guarantee health, education, and the well-being of our people, because they do not like us, and they want to choke us for no reason. But from their point of view, they have already committed two strategic mistakes: first, not ensuring that instead of Batista murdering 80 Moncada fighters, he murder Fidel; second, releasing Fidel and Raul in May 1955. [as received]

Such choking is not cost-free; the revolution's roots are so deep and the country's organization measures for an all-peoples' war are such that a cost-free action would be unthinkable.

Ambassador to Peru Discusses Trade Relations

FL2707203495 Havana Cuba Vision Network in Spanish 1630 GMT 27 Jul 95

[From the "NTV" newscast]

[FBIS Translated Text] Pedro Diaz, Cuban ambassador to Peru, has stated that economic relations between Peru and Cuba are strengthening. Diaz mentioned ongoing feasibility studies by the Tecno-Azucar Cuban enterprise to develop the sugarcane industry, and several agricultural programs in Peru. He also stated that 82 Cuban sports coaches and 30 doctors are currently working in Peru in compliance with two recently signed intergovernmental agreements. Diaz also stated that a partial scope agreement will soon be implemented to reduce bilateral trade tariffs.

Panel Discusses Caribbean Trade

FL2707164295 Havana Radio Rebelde Network in Spanish 1600 GMT 18 Jul 95

["Straight Talk" program with host Osvaldo Rodriguez and guest Fernando Davalos]

[FBIS Translated Text] Cuba continues to strengthen economic relations with Caribbean nations, our closest neighbors. This is precisely the topic we will address today with reporter Fernando Davalos. What are the interests of Cuba and Caribbean nations? Perhaps Cubans do not perceive any benefit in trading with smaller islands, being that Cuba is the largest of the Antilles.

[Davalos] Reality and common sense — even on paper — are not alike. Common sense indicates that Cuba can play a very important role in the Caribbean for many reasons. To begin with, Cuba is not only linked to the Caribbean due to obvious geographical reasons, its five eastern provinces are deeply rooted in the central and eastern Caribbean.

Cuba has a strong industrial apparatus to offer a variety of products to neighbors, such as sugarcane industry parts. Even Cuban mineral water is a product that might attract Caribbean businessmen.

[Rodriguez] Particularly tourists.

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[Davalos] There are little neighbor islands with no drinking water. Tourists do not drink well water. Cuba has joined Spanish investment to develop Ciego Montero water springs, and is developing other sources. There are also magnificent water springs in the eastern provinces, just a small indication of what could be accomplished in that sector. What do island nations have? Some have gas, oil, bauxite, sugar, etc. Jamaica has bauxite, Trinidad and Tobago have oil refineries. They have specific products to offer, yet, we all share tourism . There are millions of foreign tourists visiting the Caribbean, particularly U.S. tourists. However — beyond predictions and common sense — trade between Cuba and the Caribbean is still light.

[Rodriguez] I would like to discuss predictions in the tourism sector further before addressing the real situation. Cuba has great tourism potential.

[Davalos, interrupting] These are predictions.

[Rodriguez] It is true. I always stress the word prediction because I have seen statistics which indicate that Cuba is using approximately half, or less than half, of its potential — measured in occupancy rate and number of tourists visiting the island, and also in income per capita.

[Davalos] The tourism industry is growing fast, but still has a long way to go.

[Rodriguez] I agree. However, Cuba is resuming the tourism growth of 1958.

[Davalos] We had a different type of tourism in those years. We had gambling and prostitution tourism....

[Rodriguez, interrupting] I agree, but we are talking about tourist numbers and profits, not discussing the particulars. We will broach the issue from an economic rather than a social or political standpoint.

[Davalos] Alright.

[Rodriguez] Cuba is not trying to seize tourism from our neighbors, but rather increase the number of tourists in the Caribbean.

[Davalos] Caribbean nations fear that an end to travel restrictions might destroy their U.S. tourism market, because Cuba has outstanding beaches, and is only minutes away from the United States.

[Rodriguez] And only a few hours by boat.

[Davalos] Even less in fast power boats. Undoubtedly, Cuba has exceptional conditions to attract many U.S. tourists when they realize that it is to their benefit to lift the travel ban.

However, Cuba does not wish to steal the market. Cuba needs to collaborate and join Caribbean nations, and has explained its intention to them. Cuba believes that multiple destinations is the key issue in the Caribbean tourism industry. We would like and look forward to having tourists who visit small islands also stopping in Cuba.

[Rodriguez] While we are addressing this topic, we might also discuss cruise ship tourism. Many tourists travel to the Caribbean in cruise ships, yet they barely create a dent in local economies.

[Davalos] Cruise ships only leave empty cans.

[Rodriguez] They only leave empty cans to pollute beaches. Yet, negotiations in this regard are beginning. Cuban Tourism Minister Osmani Cienfuegos has recently stated that conversations are under way.

[Davalos,interrupting] They are more than conversations. Agreements have been signed with [word indistinct] Italian cruise line.

[Rodriguez] I was referring to conversations with U.S. tour operators who have visited Cuba. During a recent press conference with foreign and Cuban reporters, Minister Cienfuegos has publicly stated that many important U.S. tour operators linked to the cruise ship industry have visited Cuba. He added that Cuba will set its demands, and will not accept mere crumbs when the blockade is lifted and the possibility of catering to these tourists arises. Caribbean nations approve because it will be a solution for all, not only for Cuba.

[Davalos] You said that cruise ship tourism is under scrutiny. Many people are reluctant on this issue because ships stop at the docks, tourists go to shore to see local sites, but they do not even purchase local crafts because they can be found in the cruise ship stores. Perhaps they take water and fuel, pay customs and port fees, this being the amount of their contribution. Therefore, it is not clear whether this kind of tourism is worthwhile.

Cuba has taken cautious steps. The first cruise ship line is expected to arrive in October, yet, a third of the tourists will spend the night in Cuban hotels. Thereby, we can expect more than empty cans and garbage from these tours.

Nevertheless, it is clear that cruise ships are essential to multiple destination tourism. All cruise ship lines travelling from Miami toward the Caribbean sail north of Cuba. There are wonderful beaches in our north coast, such as Jiguey and Santa Maria beaches, Cayo Coco, Varadero, Santa Lucia, and so on. Cuba also has the second greatest barrier coral reef. There is great

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potential indeed. We can see those ships that look like floating torches frequently travelling north of Cuba.

[Rodriguez] Also, cruise ships transport approximately 8 million tourists annually.

[Davalos] I insist that multiple destination tourism is the key issue to finance projects that nowadays limit the development of Caribbean nations, such as air transportation. We are island nations in need of communication. Small Caribbean airlines go bankrupt when they are privatized, or they are taken over by companies which do not own the land, or are simply sold to American Airlines — the currently predominant airline in the Caribbean.

How can these small islands make money to solve this problem? Multiple destination tourism is the solution, and Cuba needs to play a role. The tourism industry spends $4 billion in supplies annually. Yet, 98 percent of this sum is spent in Miami, and thus stays in the United States.

[Rodriguez] Almost all that amount returns to the United States.

[Davalos] It is true. Supplies to the Caribbean tourism sector come from the United States.

[Rodriguez] Do you believe that Cuba can compete?

[Davalos] Of course. We cannot offer all supplies, yet, it is a challenge. This is a potential market — we will not fantasize but rather put our feet on the ground...

[Rodriguez, interrupting] However, when you put your feet on solid ground you will remember that a large part of supplies for Cuban tourism sector also come from foreign countries.

[Davalos] I agree, but we still have many things to offer. We have to compete, and struggle to get in the market. We can do it. It is a challenge that depends in part on the aggressiveness of Cuban businessmen, which we discussed a few days ago.

[Rodriguez] I agree.

[Davalos] Cuba needs to compete with prices, quality, service, human relations, and everything possible thing in the sector, because $4 billion is a large sum, and Miami is far from the Caribbean.

[Rodriguez] What is the volume of economic exchange between Cuba and the Caribbean? You are talking about $4 million potential that is nowadays spent in Miami, but what about our current trade volumes with the Caribbean?

[Davalos] Trade is relatively small, approximately $200 million, and most of it in imports, particularly fuel — as you might be aware of, which is crucial.

[Rodriguez] Cuba imports more than it exports.

[Davalos] It is true, Cuba sells a small amount to Caribbean nations — approximately $20 million, I believe. It is a small amount, yet there are very good examples of products which could sell well.

Two containers of Cuban oranges were recently shipped to Trinidad and Tobago on a trial basis, and they were immediately sold. I know that two containers are not much, but this takes us to the issue of transportation. We cannot use a huge ship to deliver two containers to Trinidad and Tobago, yet we might use small vessels for this kind of cargo.

Transportation is crucial in Caribbean trade. We need to find more flexible ways to trade. We cannot send a 12,000 ton ship to small Caribbean islands. We have to find alternatives, and studies are under way to see the best options for all, because Cuba is not the only country interested in trade. There are more developed nations, such as Venezuela, Colombia, and Mexico, which could have more participation in Caribbean trade, and help to end the U.S. monopoly in the area.

Cuba has land to produce vegetables, and many products which could be sold easily and at good profits. Cuba has the so-called know-how, technology, talent, plans, all these comparable advantages. Yet, Cuba must learn to trade.

[Rodriguez] I agree.

[Davalos] It is cheaper for Caribbean islands nearby to buy parts for sugarcane mills in Cuba than in Tampa, or New York, for instance.

[Rodriguez] I assume that you are also considering Puerto Rico when discussing Caribbean trade. But it would be difficult to have a business relation with Puerto Rico, because it almost fully depends on the United States, as a Commonwealth state. Are you also thinking of Puerto Rico?

[Davalos] I believe that Puerto Rico might be included. Yet, we have to realize that it has particular characteristics due to its links to the United States.

[Rodriguez] We can resume this very interesting topic another time. Thank you.

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Haiti

Two New CEP Members Appointed by Presidential Order

PA2707182195 Port-au-Prince Tropic FM in French 1100 GMT 27 Jul 95

[FBIS Translated Excerpt] [passage omitted] The following is in an important presidential order dated 25 July, 26 July [corrects himself]:

Considering that it is materially impossible for the Chamber of Deputies to designate another member to complete the Provisional Electoral Council [CEP];

Considering reports presented by the ministers of justice, interior, economy and finance, and information and coordination and the advice of the Council of Ministers, Citizen Pierre Michel Sajous is appointed member of the CEP to replace Mr. Anselme Remy, and citizen Johnson Bazelais is appointed member of the CEP to replace Mr. Jean-Francis Merisier. They will take office as soon as they are given the oath.

Parties React to CEP Resignations, New Appointments

PA2807001395 Port-au-Prince Radio Galaxie in French 1700 GMT 27 Jul 95

[FBIS Translated Excerpt] Haitian President Jean-Bertrand Aristide appointed two new Provisional Electoral Council [CEP] members by decree on the night of 26 July. [passage omitted]

In a televised message, Mr. Remy charged — without mentioning names — that most of the Haitian political parties had set up an electoral deal because the people did not support them. The resignation of Mr. Remy was demanded by the majority of the political sector, which accuses him of fraud in favor of the Lavalas governmental coalition, which is in the lead after the first round of elections on 25 June.

He resigned shortly after the announcement by President Aristide of an impending solution to the electoral crisis. Additional elections are scheduled for 6 August before a second ballot whose date has not yet been set. The first political reactions were reserved and even negative today after the announcement of this resignation. Mr. Rene Theodore of the National Reconstruction Movement, MRN, a moderate Marxist, denounced it as a half-measure, requesting that the entire CEP be replaced and that the elections be annulled.

Mr. Serge Gilles, general coordinator of the Nationalistic Progressive Revolutionary Party of Haiti, PANPRA, one of the two rival branches of Haitian socialism, presented an identical request considering a possible participation of his party in a new ballot.

The Assembly of Progressive National Democrats — RDND — the National Congress of Democratic Movements — CONACOM — and the National Front for Change and Democracy have already announced their withdrawal from the next elections while presenting the same demands.

Contacted about this new development, Professor Manigat, who makes it a point to meet with the other members of the leading staff of the party before publishing any reactions, has nevertheless admitted to us that he confines himself to the previous position of the party in demanding purely and simply the dismissal of the current CEP.

The UPDC [Patriotic Union of Christian Democrats] of former Senator Robert Aupont remains until now the sole political group that has applauded the decision of President Aristide while expressing some reservations that could condition the participation of his party in the partial elections of 6 August and in the runoffs whose date has still not been set. Mr. Aupont has explained that he never asked for the annulment of the first ballot of the elections but says he is nevertheless not willing to support all the actions of the reshuffled CEP. He doubts in advance the independence of the other member-designates. [passage omitted]

ALAH Leader Seeks Dismissal of Entire CEP

PA2807001495 Port-au-Prince Radio Galaxie in French 1700 GMT 27 Jul 95

[FBIS Translated Excerpt] The leader of the Alliance for the Liberation and Progress of Haiti [ALAH] demands the resignation of the whole Provisional Electoral Council [CEP]. In fact, according to Reynold Georges, Mr. Remy was not the only person responsible for the frauds and irregularities noted on the polling day, therefore, he demands the departure of all the current CEP.

[Begin Georges recording, in Creole] We in ALAH heard that the president dismissed Mr. Remy and Mr. Merisier from the CEP, thinking that he had satisfied the demands of the Haitian people and the political parties. As for ALAH, we say that this decision does not satisfy us because we say that the CEP is evil and that it has nine heads. When you cut off one or two of them, a new head regenerates. All nine heads must be cut off simultaneously so this evil will die. As for us, we steadfastly uphold the same decision. We will not deal with this CEP in any shape, form, or fashion. We say that President Aristide is responsible for this crisis that is shaking the country. Why? Because in December,

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when the CEP was being formed, he stood in front of us — the 15 political parties present — and told us that he would adopt the proposals we make to him. But to our great surprise, what do we see happening? The president made a parallel list. He did not consider the list of our political parties, but rather appointed his own people who are in his own organization. This is why they held these official elections that are shaking the entire country. So we are now asking the president to adopt a measure of wisdom by dismissing the nine men and to hold honest and sincere elections in accordance with the wishes of the resolution of the political parties dated 29 June 1995. [end recording] [passage omitted]

Pro-Aristide Leaflets: Presidential Elections in 3 Years

PA2707222695 Port-au-Prince Radio Nationale in Creole 1000 GMT 27 Jul 95

[Report by Les Cayes correspondent Jean-Claude Louis]

[FBIS Translated Text] On the morning of Wednesday, 26 July, in various parts of Les Cayes, the people found many leaflets speaking in favor of the elections and in favor of President Jean-Bertrand Aristide. This is what is written on those leaflets: yes to elections for mayors, yes to elections for deputies, yes to elections for senators, presidential elections in three years. Until now, no organization has claimed responsibility for this action.

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Secretary Ortiz on Industrial Drop, Exchange Rate

PA2707182295 Mexico City XEW Television Network in Spanish 0430 GMT 26 Jul 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Finance Secretary Guillermo Ortiz, during a meeting with members of the American Chamber of Commerce, has reported that the industrial GDP [PIB industrial] dropped by more than 6 percent during the second trimester of 1995:

[Begin Ortiz recording] That would give us an annual average, pardon, an average drop for the first semester of perhaps more than 4 percent, but we hope that the annual [as heard] drop will be lower during the second semester. [end recording]

In reply to the U.S. investors' interest in the peso to dollar parity for this year, Secretary Ortiz said: I do not have a crystal ball, but there are encouraging expectations:

[Begin Ortiz recording] An exchange rate similar to the current one of 6.10 pesos or between 6.00 and 6.30 pesos, something like that, would be congruent with the [word indistinct] and inflation forecasts of little more than 42 percent. [end recording]

The finance secretary admitted that Mexico had been close to suspending payments to its creditors or to declaring a moratorium after the devaluation. He added, however, that due to renewed trust Mexico on 25 July placed $500 million in the Japanese market that will be converted to yen within three years. In assessing the first semester, Secretary Ortiz said the short-term goal was achieved, that is, containing the financial problem that was threatening the Mexican economy with bankruptcy during the first months of the year.

As for the outlook for the second semester, he said that the priority is to gradually revive the economy and create jobs. Ortiz pointed out that the number of social security beneficiaries was reduced by 727,000 between January and May. He noted that the current unemployment rate in Mexico is among the highest in its history:

[Begin Ortiz recording] The macroeconomic measures that have been adopted and the middle-term strategies should establish the bases to ensure that the economy will experience a vigorous and sustainable growth with well-paid jobs in 1996, and that we will be able to overcome this crisis, a crisis of unexpected proportions that surprised Mexicans as much as foreigners. Our challenge is to contain the crisis, revive economic activity, and recover the trust of Mexicans and investors. [end recording]

The finance secretary announced that initiatives will be sent to Congress to reform: 1. the pension system to make it dignified and competent, and 2. the tax system through fiscal simplification. He added that the Value Added Tax will not be reduced from 15 to 10 percent because this would be detrimental to public finances and domestic savings. The goal, he noted, is to increase the tax base.

Mr. (Ollie Akel), president of the American Chamber of Commerce, attended the meeting.

Senators Study Problem of Banking Sector Debtors

PA2807021895 Mexico City Radio Red Network in Spanish 0000 GMT 26 Jul 95

[Report by Gloria Hernandez, from "The Night Monitor" newscast]

[FBIS Translated Text] [Hernandez] As of today, the Senate began a comprehensive study of the problems of overdue portfolios and the difficult situation being faced by the debtors vis-a-vis the banking sector in an attempt to find a legal solution.

In a private meeting, the senators reached an agreement on eight points on which they will base their work to answer the citizens' demands. This is necessary because social unrest is on the rise as a result of the problem, and the situation being faced by the manufacturing sector is worsening. The Senate agreed that it will study legal solutions, including those that are proposed by the debtors, and will try to avoid the unlawful practice of previously establishing the capitalization of interest, which is prohibited by Mexican legislation. This statement was made in response to remarks by Senator Jose Trinidad Lanz Cardenas, who accused the banking sector of committing this offense.

The senators urged the judicial branch to find a prompt solution to credit matters submitted by the debtors, and they will demand that the financial authorities find prompt solutions, not only for the banking sector, but particularly for the debtors. To this effect, Senator Fernando Solana criticized the Central Bank for not trying to find a solution for the debtors and for being solely concerned with the financial institutions. Senator Carlos Sales Gutierrez, president of the Senate's Finance Commission, also gave his view on this matter.

[Begin Sales recording] [Words indistinct] the authorities in charge of [words indistinct] of the financial system, particularly the [words indistinct]. There is a cost, which is paid by the taxpayers [words indistinct] the banks for their necessary restructuring. [end recording]

[Hernandez] We must also point out that as of today, the senators will review the progress made regarding debts

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in general. They will conduct a study on the problems to restructure UDI's [Investment Units], mainly their maturity dates and guarantees, which have sparked many complaints. The senators will also try to keep the banking system from imposing a general restriction on banking services to overdue debtors because many of them have been blackballed, and, in fact, they are not being granted credit by any lending institution. Thus, these are the first steps agreed upon by the Senate to find a legal solution to the problems being experienced by many Mexicans because of overdue portfolios or debts with the banking sector.

[Hernandez] The senators will work and hold various meetings with the relevant authorities, as well as all the organizations that have been established in the wake of this problem and in particular the economic crisis. They will also try to find viable solutions for their proposals so that they can be submitted to the pertinent authorities.

[Announcer] Senator Lanz Cardenas has referred to a key aspect among all those discussed regarding the overdue portfolios. Lanz Cardenas noted that the capitalization of interest, which is a crime, has been committed. In other words, interest is being added to the largest portion of the debt, which further worsens the problem, because as the situation stands, businessmen and industrialists are not selling enough to be able to pay off their loans, much less to be able to pay the higher interest rate being charged — in the wake of the crisis — on the loans that were granted prior to the devaluation and before this inflationary spiral affecting the Mexican economy began.

[Hernandez] This is true. During his statement, Senator Lanz Cardenas stressed the fact that things are so expensive and interest is so high that people have already been compelled to make indefinite payments on the interest until their loans are paid off. Meanwhile, the amounts people will end up paying will never be commensurate with the real cost of the property or the service for which the debt was incurred.

Coparmex, CTM To Promote New Labor Environment

PA2707230495 Mexico City XEW Television Network in Spanish 0430 GMT 26 Jul 95

[From the "24 Hours" Newscast; passages within quotation marks recorded]

[FBIS Translated Text] In an unprecedented event, business and union leaders signed a document whereby they both agreed to establish a new labor environment in Mexico that will be based on a dialogue, concerted agreement, and unity.

The 11 point document stresses that the creation and continuation of business establishments will be oriented toward safeguarding, and encouraging employment, equitable distribution of profits, and the struggle against the involvement of union and business officials in acts of corruption.

Following the signing of the agreement, whicht took place at the headquarters of the Employers Confederation of the Mexican Republic [Coparmex], Fidel Velasquez, leader of the Mexican Workers Confederation [CTM], pointed out the following:

"The document we just signed will serve as a guide for future meetings when we begin to thoroughly discuss those problems included in the document."

The CTM leader pointed out that the main objective was to loyally serve the country, and support the government in promoting a climate of social stability that will deter violent acts and contempt for current legal provisions.

On the other hand, Coparmex President Carlos Abascal pointed out that once he had signed the document that:

"In point No. 11, the CTM and Coparmex are finally inviting the government. We are convinced of the significance of having the government promote favorable conditions that will lead to the creation of more employment..."

The Coparmex president pointed out that all sectors of society are invited to join this new labor environment including the political parties with which, he added, a dialogue is already taking place.

With respect to the problem of business and union leaders' involvement in corruption, the Coparmex president acknowledged:

"Unfortunately, the labor sector is not immune to problems of corruption."

CTM leader Fidel Velasquez, on the other hand, commented as follows:

"We are going to deal with this problem so that there will be honesty in employer-worker relations..."

When asked if he had any knowledge of who the corrupt union leaders were, Velasquez answered by saying:

"I am not aware of who they are."

Pemex Communique Announces Domestic Sale Increase

PA2807033695 Mexico City NOTIMEX in Spanish 0043 GMT 26 Jul 95

[FBIS Translated Text] Mexico City, 25 Jul (NOTIMEX) — The parastate Mexican Petroleum (Pemex)

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announced today that income earned from sales of oil products in the country for the first half of the year increased 85.9 [figure as received] percent compared to the same period in 1994.

According to a Pemex communique, between January and June 1995 the income amounted to 28.5415 new pesos or $4,756,916,667.

The parastate industry added that in the first half of this year it sold on average in the national market 1.4832 barrels a day of petroleum products, which includes Magna Sin [unleaded super] gasoline, liquid gas, and fuel oil.

EZLN To Press For Meeting With Government Secretary

PA2707150895 Mexico City NOTIMEX in Spanish 0117 GMT 27 Jul 95

[FBIS Translated Text] San Andres Larrainzar, 26 Jul (NOTIMEX) — The Zapatist National Liberation Army (EZLN) said today it will press for a meeting between Government Secretary Emilio Chuayfett and its spokesman, Subcommander "Marcos."

EZLN Commander "David" said the request is intended to establish paths that will "lead us to a just and decent peace, and that is why we want the meeting."

The Zapatist delegate, who is attending the fifth round of peace talks in this town in Chiapas State, said the armed group's proposal comes only in response to the proposal legislators of the National Action Party made in that respect on Tuesday.

"If the Government Secretariat does not accept, so be it. We think the meeting may be one of the solutions so we will press for it, but if they do not accept, there is not much we can do," Commander "Macho" noted.

The delegations of the EZLN and the Zedillo administration began holding a fifth round of negotiations in this village in southeastern Chiapas State last Tuesday. The purpose of the negotiations is to find a political solution to the conflict in the state.

Last Tuesday, the government reiterated its proposal for a Minimum Agreement on Detente, something the two sides have been discussing since May as a means to expedite the negotiation process, which has shown little progress.

"David" voiced the EZLN's concern over this decision, which they regard as a "lack of commitment to negotiate" on the part of the government, although the EZLN did not submit any alternative proposal to make it possible to reach agreements during this meeting.

The government decided to withdraw its proposal, as well as those prepared by the EZLN, in order to go on to the next point of the Rules of Procedure, which should establish the methodology for future meetings. Meanwhile, the National Mediation Commission (Conai), the mediator of the dialogue recognized by the two sides, called on the government delegation and the EZLN to set aside mutual accusations and attacks in order to open the peace talks.

Before a recess during the third day of talks, Conai urged the negotiating sides separately to show greater political commitment to achieve specific agreements.

Sources close to the negotiations explained that after the rapprochement by the two sides, Conai drafted a document that will consist of establishing the bases for "a Minimum Agreement on Procedures."

The approval of the document, the informants said, could take place during this phase of the negotiations or during the next meeting between the government and the EZLN.

Peace Coordinator Describes Talks With EZLN

PA2707161895 Mexico City XEW Television Network in Spanish 0430 GMT 27 Jul 95

[Interview with Marco Antonio Bernal, coordinator of the Government delegation to the peace talks in San Cristobal de las Casas, Chiapas State, by Amador Narcia in the station's studios in Mexico City — live]

[FBIS Translated Text] [Narcia] Good evening, Mr. Bernal.

[Bernal] Good evening, Amador.

[Narcia] Why and how did the fifth round of peace talks end in San Andres Larrainzar? What is it that you cannot agree on?

[Bernal] I would say the meeting concluded because we are having trouble advancing on the major points that separate the two delegations. One fundamental point is that they want us to discuss national topics here in San Andres Larrainzar. They want us to reach agreements with them on national topics. The second point is time. They insist on holding point-by-point discussions. We estimate that it would take over three years to do it that way. Those are the two basic points.

In fact, we arrived with the intention of making progress on those points because we were starting from the agreement reached in a document prepared by the National Mediation Commission [Conai]. When we arrive at the negotiating table, however, it turned out that the EZLN had dismissed the document submitted by Conai. Not

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only did they dismiss the document, but they accused Conai of adopting the federal government's viewpoints. That prompted us to return to our original position held during the previous meeting. Conai proposed a method that will allow us to advance more quickly. We set two dates for the next meetings. On 20 August, Conai will hold separate meetings with each delegation to exchange documents, and it can propose new working methods to us. The second date is 5 September, when the formal meeting will take place.

[Narcia] Have you reached an irreconcilable point? Can we expect the talks to go on indefinitely?

[Bernal] We have reached a very complex and difficult point, because.... [pauses] We have made a great effort to move closer to the EZLN's positions, but we notice that the EZLN has not made any similar effort. We have warned them to demonstrate the commitment to the talks they claim to have, the commitment to reach agreements. Let them show it at the negotiating table with proposals that really make it possible to advance. We have already proposed that some topics be lumped together because of their nature. This does not necessarily apply to other topics. They may be discussed one by one. We must make progress on topics that are of true interest to the indigenous communities. Those are the topics we are proposing to discuss first and simultaneously. They are proposing that we go topic by topic. That impedes the progress of the negotiations.

[Narcia] Was there some degree of exasperation or impatience? Harsher language was used during this round, as the two sides have acknowledged.

[Bernal] What happened, and we understand that this is part of the EZLN's strategy to gain time, that the delegation arrived using a very aggressive and offensive tone. We at the negotiating table could not ignore the adjectives that truly besmirched the honor of the delegation. We warned the other side against using that language and asked it to advance calmly. This obviously came following a rather harsh response from us.

[Narcia] Is it possible for the talks to be held at a different level than the current one, Mr. Bernal?

[Bernal] The EZLN has a strategy, and they have used it on many, many occasions, whenever they feel the people are demanding that agreements be reached or showing impatience at the lack of agreements. They feel pressured when they are asked about the points they defended which brought them support. They then begin to disparage their interlocutors. On this occasion, they tried to disparage the federal government delegation, saying the National Action Party had proposed that a meeting be held between Government Secretary Emilio Chuayffet and Mr. Rafael Guillen, known as Subcommander Marcos. The Government Secretariat's response was to reaffirm that this delegation is the venue for the negotiations. We also told them at the negotiating table that we are prepared to negotiate with whomever they want and whomever they appoint, wherever they want, and whenever they decide. We want to make every effort to advance the negotiations, but we are not going to fall for the stall tactics the EZLN regularly employs.

[Narcia] Do you wish to add anything?

[Bernall] I would only like to say that we constantly hear disparaging remarks at the negotiating table. On one occasion, the EZLN accused Comcopa [Harmony and Peace Commission] of siding with the government. It accused the federal government delegation of being intolerant. Oddly enough, it has accused Conai, which the EZLN itself chose and appointed, of adopting the government's stance. To conclude, I would like these things to be taken into consideration, because it must be clearly shown who is really intolerant now.

Illegal Aliens Stopped in Oaxaca and Puebla States

PA2707192395 Mexico City NOTIMEX in Spanish 2140 GMT 26 Jul 95

[FBIS Translated Text] Mexico, 26 Jul (NOTIMEX) — During two operations in the States of Oaxaca and Puebla, members of the Federal Judicial Police [PFJ] detained 140 Central American citizens who had illegally entered the country.

The Office of the Attorney General of the Republic said that PFJ agents intercepted two vehicles, a truck and a pick-up, at the kilometer 47 of the Oaxaca-Istmo Highway. When inspecting the vehicles, the agents identified the crew as Noe Gordillo Aguilar, Hector Gomez Matus, and Sergio Dominguez Milan. In the back of the vehicles were 116 citizens from Guatemala, Honduras and El Salvador, who had entered Mexico illegally.

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The illegal aliens said they had entered the country through the southern border and wanted to reach the United States to seek jobs. They had paid the drivers various sums of money to transport them to the country's northern border.

Twenty four Central American citizens, who had also entered the country illegally, were stopped in the central Puebla State.

The three "agents" [enganchadores — from enganchar, or paying in advance for labor to be performed faraway or in another country] are under the custody of the Federal Public Prosecutor's Office. Meanwhile, the illegal aliens were taken to the immigration authorities to receive medical attention and food.

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El Salvador

Deputy Comments on U.S. Deportation Issue

PA2707120595 San Salvador Canal Dos Television in Spanish 1900 GMT 26 Jul 95

[Interview with Rene Figueroa, deputy of the Nationalist Republican Alliance and member of the Foreign Relations Commission of the Salvadoran Legislative Assembly, by an unidentified reporter, at the Canal Dos studios in San Salvador; from the "Teletwo" newscast — live]

[FBIS Translated Text] [Reporter] Good afternoon, Deputy. Welcome. In recent years, authorizations have been issued and concessions have been secured, but what will happen when no further authorization is granted and deportations become a fact?

[Figueroa] This Monday, the members of the Foreign Relations and Central American Integration Commission of the Salvadoran congress met with Salvadoran Ambassador to the United States Ana Cristina Sol. She explained to us all the efforts being made to give legal assistance to our fellow citizens in the United States.

We have seen with much satisfaction how the Salvadorans no longer fear seeking legal assistance from various organizations, including our embassy.

The efforts of the presidency in this regard will be made known at the appropriate time. It has to do with providing telephone lines. At the most important Salvadoran consulates in the United States, Salvadorans need only dial a 1-800 number to receive legal assistance at no cost from attorneys at the Salvadoran Embassy in Washington, D.C.

Our ambassador has been meeting with representatives and congressmen trying to help our people.

We know that those who have subscribed to treaties that still offer guarantees to some Salvadorans will have their residemce permits extended so that they can continue working beyond 30 September.

We are making every effort to offer guarantees to our fellow citizens.

[Reporter] Do our fellow countrymen in the United States know this? Do they know that a line will be made available? Do they know that you have the support of the U.S. media?

[Figueroa] The ambassador was only explaining the crusade being carried out and that involves Salvadoran organizations such as Crecen [expansion unknown], Carecen [expansion unknown], and many others. The purpose of this crusade is to make this telephone line known so that Salvadorans may be informed.

We think a solution is possible. We like to tell persons who have relatives in the United States: Calm is most important; we must not act based on reports about massive deportations, reports that create fears.

[Reporter] I wanted to check with you on this issue, on this very issue, Mr. Deputy. Are we on the eve of a massive deportation, or not? Another thing, yesterday Dr. Ruben Zamora said that mass deportations have been avoided not as a result of the efforts by the Salvadoran Government but as a result, apparently, of the fact that the U.S. immigration Service does not have the capability to conduct a mass deportation.

[Figueroa] We must recall that President Calderon was recently in the United States and had the opportunity to speak with President Bill Clinton. We view as a goodwill gesture the extensions granted to the Salvadorans' residence permits, which are due to expire on 30 September, which will allow Salvadorans to continue working in the United States a while longer. We also view as a goodwill gesture the fact that the U.S. Naturalization and Immigration Service is appealing to people to register in that office.

There are still opportunities for the Salvadorans to legalize their stay in that country. We are not facing any massive deportation situation. We must remember something: The Salvadorans residing in the United States are contributing significant amounts of money to their families through remittances. This is an assistance the United States is granting the Salvadorans without the U.S. Government having to disburse anything. So we believe that calm is important. The legal assistance being given to the Salvadorans is important. We think the situation of the Salvadorans will end well, on a good note.

[Reporter] Let us talk about political asylum. The war situation in El Salvador has ended; what will be the status of these persons?

[Figueroa] There is still the opportunity to join the ABC, the American Baptist Church. The Salvadorans can join it. The war situation has definitely ended in our country, but we must ask that the case of El Salvador be considered as an exceptional case, recalling that the Salvadorans in the United States have become a pillar, an important pillar, that supports El Salvador through family aid remittances.

What would happen if those Salvadorans were forced to return to El Salvador, which is enduring a difficult economic situation? I think we can make the United States understand that despite the fact that the war has fortunately ended, we still need the contributions of

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our fellow countrymen in the United States who remit significant amounts to sustain Salvadoran families.

[Reporter] Would you, as members of the Foreign Relations Commission, be willing to travel to the United States or have you planned to go there to learn firsthand about the situation of our fellow citizens?

[Figueroa] At the right moment, we sent letters to U.S. Attorney General Janet Reno in which we asked her to consider the possibility of helping our fellow citizens there and giving them support. We have sent letters to several representatives and congressmen. We discussed the possibility of going to the United States with Ana Cristina Sol, Salvadoran ambassador to the United States, even though she has told us that for U.S. representatives and senators, this is becoming a very difficult topic within their agenda.

However, there is no worse fight than the one that is not waged, and we are determined, as congressmen of the Salvadoran Foreign Relations Commission, to help our people.

[Reporter] We are talking about approximately 200,000 Salvadorans. Does this mean ... [pauses] Do you believe that at least half of these people could be deported from the United States?

[Figueroa] We do not believe it will go as far as a massive deportation. We believe that through the legal counsel being received by our people and the opportunities being offered by the U.S. Immigration and Naturalization Service — which is conducting a strong campaign, urging people to go register, and telling them that they can still apply for protection, we believe we are still in time and will not see a massive deportation. We believe we are still in time.

[Reporter] You are talking about a massive deportation, but it is a fact that there will be a massive deportation, because the 200,000 Salvadorans cannot all stay in the United States. Will there be a selective deportation?

[Figueroa] We must also recall one thing: We have seen some Salvadorans returning home, but they might have been, at any given time, involved in a crime. This is a different story. Now, I do not believe the U.S. Goverment or the Immigration and Naturalization Service will take Salvadorans who are still there and put them on an airplane or that planes or ships filled with Salvadorans will begin to arrive. I do not believe we will get that far. We still have options we must use, and this is why we are telling our people to remain calm. Those of us living here must convey this calm to our brothers living in the United States and provide them with legal counsel. We, in the executive and the legislative branches, are doing all we can to help them.

Office To Control Unfair Trade Practices To Open in Dec

PA2807034495 San Salvador EL DIARIO DE HOY in Spanish 26 Jul 95 p 17

[Report by Ingrid Rojas]

[FBIS Translated Text] The control of unfair trade practices and "dumping" will be the main function of a specialized office that the Ministry of Economy will open in December, Eduardo Ayala Grimaldi, director of the ministry's commercial policy, has reported.

"We hope that the private office tasked with performing these controls will be ready by December of this year at the latest," Ayala Grimaldi stated.

The office will provide the private sector with assistance on "dumping" practices involving unfair trade and the process that must be followed to corroborate its existence.

"Protecting domestic production is the fundamental objective of the office. In addition to reporting to businessmen, the office will be responsible for following up on all reports filed regarding unfair trade practices," Ayala Grimaldi explained.

Currently it has not been determined what sectors of the national industry are being affected by unfair trade practices.

"Nevertheless, three reports have already been filed by the Salvadoran food industry. These cases are in the process of investigation and evidence compilation, so it is impossible to specify the names of the companies," he commented.

Should the existence of "dumping" practices be confirmed, the appropriate criteria such as the imposition of an "antidumping" fee will be applied.

"When a foreign producer who sells his product at $1 cuts the export price of that product by 50 cents in order to win the Salvadoran market, he is practicing unfair trade," the official expressed.

He added that given this, a 50-cent "antidumping" fee will be levied on the foreign producer so that at the time the merchandise enters El Salvador, it reaches the $1 at which it is really sold.

In addition to controlling the unfair practices discussed against the national industry, the office will be tasked with defending local businesses against "dumping" accusations that may fall outside international rules.

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Prosecutor General Acquits Former President Cristiani

PA2707182395 San Salvador LA PRENSA GRAFICA in Spanish 25 Jul 95 p 26A

[Report by Gregorio Moran]

[FBIS Translated Text] Accusations related to alleged irregularities during the privatization of Banco Cuscatlan, and other corruption activities where the name of Saul Suster, former president of the National Telecommunications Administration (Antel), and the SISA insurance company, have been mentioned, were shelved yesterday when Prosecutor General Romeo Melara Granillo ruled that there was insufficient evidence to merit placing the accused on trial.

However, Melara Granillo cautioned that this "does not mean an end to attempts by Kirio Waldo Salgado — who made the accusations during the month of February — to continue filing accusations against those individuals at the various courts throughout the country."

At the time, Salgado pointed out that during the privatization of Banco Cuscatlan, former President Alfredo Cristiani had purchased most of the bank's shares through third party individuals who "lent their names."

However, according to the prosecutor general, auditors appointed by his office to investigate both cases involving Cristiani, and Suster were unable to find any irregularities, and that no violation of the law had taken place.

During the investigation it was possible to establish however, that of the 28 individuals mentioned by Salgado, 14 had never purchased any shares, 13 others did purchase shares but sold them later on to other individuals different to those mentioned in the accusation, and that one last person did purchase shares and still owns them.

With respect to the SISA insurance company, the investigation determined that the firm's clients only included 12 percent of all government institutions which invalidates accusations related to cornering state institutions during the Cristiani administration.

Melara Granillo also referred to accusations against the Fifth Central American Games Committee (Coquin) which had allegedly favored Omnisports, a sports company, with purchases worth millions. The auditors report points out that of the 157 million colones invested by the Coquin, only 64,243.28 colones were purchases from Omnisport.

On the other hand, during the term of Saul Suster as Antel president this institution did purchase from Omnisport nearly 1,117,000 colones in goods out of a total amount of 1.7 billion colones.

The Evidence

The prosecutor general indicated that the resolution issued by the Office of the Attorney General was backed by several documents obtained from the institutions previously mentioned.

According to Melara Granillo, this past Monday, the Finance Ministry had forwarded the last document requested by the attorney general's office establishing that the individuals accused by Salgado had not been involved in any of the irregularities they were being accused of.

The document highlights that, based on the eight files examined "there is no evidence of a crime having been carried out by former President Cristiani, former Antel President Saul Suster, or any of the other persons accused."

Investigations into the eight files mentioned have concluded, but there are seven files still pending on a ruling, including one with accusations by Luis Gomez Zarate against his former associate Salgado who is being accused of tax evasion since his lifestyle "does not correspond to his income."

Guatemala

Government Misused Budget Funds; $40 Million Overdraft

PA2707150895 Guatemala City Televisiete Television in Spanish 1900 GMT 26 Jul 95

[From the "Channel 7 News" newscast]

[FBIS Translated Text] A scandal for misuse of funds by the Finance Ministry has taken place in Guatemala. According to several financial research organizations and now the Congress Economic Probity Commission, the Finance Ministry used resources allocated to other budget items to pay public debt in view of the financial crisis undergone by the government since its term began in 1993.

Finance Minister Anna de Molina, who has been harshly criticized by various sectors in the country, suggested the possibility of errors in the administration of the nation's general budget.

[Begin Molina recording] The execution of a 9-billion [currency not specified] budget will not exempt of human error those who, at times, have been responsible for preparing it. This includes me as the person institutionally responsible for the Finance Ministry. At any rate, however, I do want to clarify and reiterate that the budget was executed with complete honesty, on my part, in handling the administration of taxes. [end recording]

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The Congress Economic Probity Commission summoned the finance minister to clarify the $40 million overdraft. Also, the government has been accused of not using 50 percent of the budget earmarked for education this year. For this reason, the Executive Branch's situation gets worse.

The charges of misuse of funds and non-execution of the budget have been raised against the government for over two months. Nevertheless, it is now when the Congress has shown interest in this matter.

Official Rejects URNG Statement on Hindering Talks

PA2607121795 Guatemala City SIGLO VEINTIUNO in Spanish 23 Jul 95 p 3

[FBIS Translated Text] Humberto Preti, president of the Chamber of Agriculture, yesterday rejected a statement made by URNG [Guatemalan National Revolutionary Unity] Commander Pablo Monsanto, who has said the organized business sector is hindering the peace talks by opposing an agrarian reform.

First, we are not direct negotiators who can block the peace talks. In addition, the fact we oppose an agrarian reform as proposed by the URNG is no reason for accusing us of endangering the process, Preti said.

He added that although the organized business sector has, in fact, expressed its opposition to certain government measures, this does not mean the executive branch has stopped working, because it feels its programs are blocked.

The government has taken our opinion into consideration on socioeconomic topics, because we are the sector that generates productivity. Therefore, we reject Monsanto's remarks, which are inexact, Preti said.

Land Entitlements

According to Preti, the only agrarian reform feasible at this time is for the National Institute of Agrarian Reform, INTA, to grant deeds for the 60,000-plus manzanas of land it has in its power.

He pointed out the urgent need to update the official land register for the redistribution of approximately 900,000 manzanas of land throughout the country, some of which are used only at the subsistence level because the state has many reserved areas.

Within this context, he added that it would be unviable to create a tax that would affect idle lands, many of which are idle, because there is no incentive to work them. Farmers fear the guerrillas would eventually burn these lands.

The agrarian reform is, therefore, a complex issue that should not be limited solely to the URNG's views or to what that organization would like the reform to be. If the URNG intends to rule the country and impose a system in which differences will not be tolerated, it is mistaken, he concluded.

CACIF Wants Insurgents Brought To Justice

PA2707141195 Guatemala City SIGLO VEINTIUNO in Spanish 26 Jul 95 p 12

[Unattributed report]

[FBIS Translated Text] The Coordinating Committee of Agricultural, Commercial, Industrial, and Financial Associations (CACIF) expressed yesterday in a communique its concern over the continuous sabotage, extortion, and kidnappings by the URNG [Guatemalan National Revolutionary Unity].

These actions flagrantly contravene human rights agreements signed by the parties within the peace process, as reported by MINUGUA [UN Mission in Guatemala], CACIF states.

These acts, in addition to reflecting the lack of URNG will to comply with the agreements signed, represent an obstacle to the national conciliation process, because they have been aimed at attacking lives, security, and civilian property, it states.

CACIF adds that in the face of repeated URNG violations to human rights, it calls on jurisdictional authorities to ensure that those responsible be placed before the tribunals in order to punish them by applying the law.

The meeting that the guerrillas held in the University of San Carlos is an unusual form of carrying out electoral politics, Peace Commissioner Hector Rosada Granados commented yesterday.

It is the first time that we see an electoral activity of that nature, because the insurgents were armed with machine guns when they held the meeting, the official negotiator told CERI-GUA [Guatemalan News Agency] wire service.

According to Manolo Vela, secretary general of the AEU [Association of University Students], even though the meeting did not have a military objective, student security is an element that must be considered in this type of activity.

Meanwhile, according to CERI-GUA, military spokesman Edith Vargas said that *the URNG violated university autonomy and therefore infringed the*

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global agreement on human rights in the part related to sparing civilian population from suffering.

USAC [University of San Carlos] authorities said yesterday that the activity carried out by the insurgents cannot be described as extraordinary because it is not surprising since over the past few weeks they have taken over farms and villages.

[USAC] Public Relations Director Abraham Baca said that *the university, as its name implies, has its doors open to all Guatemalans, regardless of social or economic level.*

The USAC receives students who are members of the military and people with liberal positions, students with little money and students who are well-off. In fact, it is open to the entire Guatemalan society and foreigners, he said.

He added that *we live in a democratic society that struggles to end the internal armed conflict and we are on the road to peace. We believe that this situation is not going to have complications.*

These sort of incidents, he said, are beyond the control of the administration and are student extracurricular activities. *We can do nothing to avoid a similar situation.*

He explained that the campus is a meeting place for all social classes in the country, therefore it is impossible to have a control over each person who enters the university campus.

The USAC is a place that hosts a diversity of opinions. Regarding this he said that any political party that so desires could hold an electoral activity within the alma mater.

Finally, Baca said that now that there is word of signing a peace agreement these actions are unnecessary *because we Guatemalans should contribute with our grain of sand in order to live together in peace.*

According to a university security report, unidentified individuals who covered their faces with ski masks, placed chains and padlocks at about 1900 on the campus entrance doors.

The individuals, he says, bearing rifles, placed themselves in strategic locations. On the third floor of building S-10 they left a banner with the slogan: *If the right wins the elections, the war will continue, FAR [Rebel Armed Forces].*

FRG Convenes Assembly Over Rios Montt Candidacy

PA2707230395 Guatemala City LA REPUBLICA in Spanish 26 Jul 95 p 7

[Article by Ramon Hernandez S.]

[FBIS Translated Text] The Guatemalan Republican Front (FRG) has convened its rank and file once more to a national special assembly in light of the possibility that its presidential candidate Efrain Rios Montt may be disqualified by the Registry Office. This assembly is scheduled to be held on Saturday, 19 August, at which time the lists of candidates to Congress and the Central American Parliament [Parlacen] will also be elected.

At a time when Registry Office Director Felix Castillo Milla is on the verge of giving his ruling regarding Sunday's registration of presidential candidate Efrain Rios Montt, which, according to reliable sources, will be unfavorable to the general, Rios Montt convened a new asssembly to nominate the presidential and vice presidential candidates.

However, Registry Office Director Felix Castillo Milla stated that the FRG must hold a new assembly because the records presented last Sunday by Rios Montt "consider the election closed." Castillo Milla remarked that this means that no election was held to elect national, district, and metropolitan deputy candidates or candidates to Parlacen.

Castillo Milla added that in the assembly scheduled to be convened by Rios Montt on Saturday, 19 August, he may elect the candidates he wishes because in it Rios Montt stated that the statutes of the party will be reformed and "issues of importance for our political organization will be discussed."

The Registry Office director stressed that this means they may elect their deputies there because so far, no deputy candidate has been elected in an FRG assembly. Castillo Milla added that the records the FRG presented to the Registry Office only included the election of presidential and vice presidential candidates, so a new assembly must be held.

A close associate of Brig. Gen. Efrain Rios Montt stated that the 19 August assembly was scheduled in order "to elect new candidates" if the Registry Office rejects Rios Montt's nomination in the next few hours, since they have until Friday to issue a resolution.

Among the names mentioned as FRG presidential candidates are Mrs. Teresa Sosa de Rios, Harris Whitbeck Pinol, and Arturo Soto. However, it has been learned that legislator Juan Francisco Reyes Lopez, one of the

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closest Rios Montt collaborators, is opposed to the candidacy of Arturo Soto, in spite of the fact he is supported by most FRG leaders who consider him the most qualified person to win a position that would allow the party to go to a runoff election on Sunday, 12 November.

Despite this fact, some FRG leaders are confident that before Friday the Registry Office will accept the registration of Brig. Gen. Rios Montt. Another group believes that when registering, the Rios Montt knew that his candidacy would be turned down due to the ruling the Registry Office issued in 1990, when they said that according to Article 186 said candidacy could not be admitted.

Nicaragua

Presidency Minister Antonio Lacayo Resigns

PA2707230095 Mexico City NOTIMEX in Spanish 2124 GMT 27 Jul 95

[FBIS Translated Text] Managua, 27 Jul (NOTIMEX) — The Government House announced today in a communique that Nicaraguan Presidency Minister Antonio Lacayo has presented his resignation to President Violeta Chamorro. The resignation is effective on 7 September.

According to official sources, Chamorro's closest aide will leave his government post to dedicate himself completely to the electoral campaign of National Project, the recently created political movement he leads.

Lacayo informed the president of his decision through a letter dated 23 July, but it was not until Thursday that the president made its contents known.

In his letter, Lacayo states his decision to struggle against the constitutional reforms that have been in effect since 4 July and that are keeping him from being able to aspire to the Nicaraguan presidency in next year's general elections.

Lacayo explains in the letter: "I must leave the government, because I want to be able to defend, without privileges or prerogative, my right to be elected if the people decide to support me, and I also want to defend everybody's right to elect whomever they want to elect."

He added that "democracy means opening doors, not closing them, because democracy is built based on alternatives, which must not be limited."

The constitutional reforms passed by parliament and approved by Chamorro after four months of confrontation between the two branches of the state, prohibit relatives of a president in office to run for president.

The reform prohibits blood relatives of the president, up to the fourth degree of consanguinity, and in-laws, to the second degree of affinity, from running for the presidency of the nation.

Lacayo said that the National Project's process for designating a presidential candidate will begin on 7 September, six years after his arrival in national politics as the campaign chief of the National Opposition Union [UNO].

In February 1990, UNO took Chamorro to an election victory over the candidate of the Sandinist National Liberation Front, former President Daniel Ortega.

The minister reiterated to the president his commitment of "loyalty and unconditional support" after he leaves office. "I will continue being a soldier ready to do anything for you," promised Lacayo, who is married to Cristina Chamorro, daughter of the president.

The resignation of Lacayo, a 48-year-old businessman and industrial engineer, will be effective 18 months before the conclusion of Chamorro's presidential term. Chamorro assumed power on 25 April 1990 and must hand it over to her successor on 10 January 1997.

Official on Confiscated Properties of Somozists

PA2607035295 Managua BARRICADA in Spanish 24 Jul 95 pp 1-2

[Report by Xavier Rayo Valle]

[FBIS Translated Text] The Chamorro government is conducting an extensive operation to return the properties of or compensate prominent Somozists whose properties were confiscated by Decree 3 and 38, provided they can demonstrate they obtained their properties from their ancestors or legitimately, Doctor Miguel Robelo, property attorney general, has told BARRICADA.

The National Commission for the Revision of Confiscations [Comision Nacional de Revision de las Confiscaciones — CNRC], presided over by Robelo and two prominent personalities, is in charge of reviewing these cases. The origin of the CNRC is the very "National Opposition Union Government Plan, which has promised to review all actions of the previous government regarding property, analyzing each claim," Robelo has affirmed.

According to the official, the CNRC only makes "a fair assessment of the case file of the claimant, who presents his case and must provide evidence on how he acquired the affected properties. We then proceed to return the properties or compensate the claimant." He added that in an unprecedented event anywhere in the world, the previous government confiscated properties belonging to commercial organizations, corporations, and even dead people and children.

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Among the beneficiaries of these CNRC resolutions are various Somoza government officials, who, according to the property attorney general, are able to demonstrate that the properties affected by the decrees were inherited or acquired without resorting to the power they enjoyed under the dictatorship.

Claimants have filed 4,648 revision requests before the CNRC, which gradually resolves the same with orders to either return the properties, if they can be returned to their former owners, or to have the Indemnity Quantification Office, OCI, pay a compensation.

Robelo has criticized many attorneys who discuss this issue irresponsibly and, worse yet, are unaware of how the CNRC operates. He has spotlighted errors made by the previous government that "acquitted" certain Somozists.

Robelo has said no one filed an accusation against owners of confiscated property when they served under the Somoza government or presented evidence that they became rich under Somoza, enabling them to recover their assets with documents specifying they obtained those properties legally.

The property attorney general wondered if this task is political, adding "it is possible, because there is political influence in everything in this world and concerning a government." He then cited Aristotle's axiom stating "man is a political animal."

Robelo has mentioned the example of Edgard Solano Luna, former private secretary of dictator Anastasio Somoza Debayle, whom he has characterized as a "descendant of a millionaire family, honest, and without the need to steal from the government to own the properties affected by Decrees 3 and 38."

Solano Luna is demanding the return of several farms, mansions in Masaya, as well as the company Intercasa, and the property attorney general has said: "It is very likely that his properties will be returned or a compensation will be paid, because he has demonstrated he acquired his properties honestly."

According to Robelo, there is nothing in the file against Somoza's former private secretary. No one has filed an accusation or presented evidence against him. The file is a baseless, seven-page, confiscation document.

Another claimant with a resolution in his favor for the restoration of his property or the payment of an OCI compensation is Dr. Alfonso Callejas Deshon, recently appointed to the Supreme Electoral Council.

Callejas Deshon, who has served as development minister, now construction and transportation minister, as well as vice president of dictator Somoza, was also affected by Decree 3 and 38, which have now become worthless documents.

"In the confiscation file against Cristobal Rugama, a high-ranking official at the IAN (Nicaraguan Agrarian Institute), there is a resolution acquitting him of the economic charges. Therefore, we have issued a resolution ordering the restoration of his property," he added.

Robelo has also mentioned the confiscation case of a FAN [Nicaraguan Air Force] pilot from Rivas, whose name he did not disclose. He has said the file exonerates the pilot from any responsibility, adding he is dallying the process to return him his properties.

Also pending is an indemnity resolution for millions of dollars in favor of Donald Spencer Frauemberger, former chief of Infonac (National Development Institute), and former Somozist Foreign Minister Allejandro Montiel Arguello, as well as Isabel Urcuyo de Somoza, just to cite a few more cases.

The CNRC bases its actions on a Supreme Court resolution dated 17 May 1991, which states "it is healthy, beneficial, and just to review the administrative actions that somehow affected the legitimate property right and correct injustices that may have been committed."

Government Offers Arbitration for Property Disputes

PA2707210695 Managua Sistema Nacional de Television Network in Spanish 0200 GMT 26 Jul 95

[From the "National Newscast"]

[FBIS Translated Text] The Nicaraguan Government has signed an agreement offering an international arbitration system to foreigners who have pending property claims as long as they have exhausted administrative means and were affected between 19 July 1979 to 25 April 1990. The arbitration will be handled by a World Bank unit called International Center for Settlement of Investment Disputes [Centro Internacional de Arreglo de Diferencias Relativas a Inversiones] located in Washington.

[Begin recording] [Finance Minister Emilio Pereira] We decided — despite having an administrative system made up of eight (?offices) in Nicaragua, a mediation system, a system at the Property Prosecutor's Office, and a judicial system — to add an international arbitration system to offer a spectrum of solutions so that nobody will be able to say that in Nicaragua we are not dealing with this problem voluntarily.

There are two phases. In one of them, the two parties have to reach an agreement in order to seek arbitration. Beginning on 31 August, all those who have exhausted

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administrative means — and even when an agreement is not reached with the government — within the next 120 days they may perfectly go to this arbitration center in Washington. We will publish the address in the newspapers. In that center, without government consent, they can take advantage of this arbitration process.

[Reporter] Independently?

[Pereira] Independently. The extraordinary progress we achieved in the property issue this semester during our visit to senators and the State Department in Washington, makes us definitely feel confident that we will have no problems although the Gonzalez-Helms (?expires) on 28 July. There had been talk, it was expected that Nicaragua would not receive U.S. support. The visit led us to think that we shall not worry under any circumstances about not receiving again the famous waiver, as it is known in the United States. We can rest assured that this law will not be applied in Nicaragua; that will not happen. [end recording]

The arbitration will be handle by three arbitrators, one appointed by the claimant, another by the government, and the third must be agreed upon by the two parties. Given that this arbitration involves compensation, the amount to be granted will be in keeping with Nicaraguan law, specifically Decrees 51-92 and 56-92, and Law 180, which established the Compensation System.

In this exclusive interview, Pereira referred to the repurchase of the commercial debt for which $108.5 million is available. Most of it came from donations, and the rest, about $40 million, was granted through a soft loan and at low interests. The August operation, however, is already drawing criticism:

[Begin recording] [Mario Alegria, executive secretary of the Nicaraguan Institute of Development] When there is talk of a repurchase it is because someone had purchased it previously, and so far, nobody has revealed who purchased that debt, and what were the sale and purchase prices.

[Pereira] It has been said that officials of this government purchased debt. I can assure you, and we have said this to our president, that no minister is involved in activities of this nature. Quite the contrary, we have acted very honestly. Another important issue is that all these funds will be at the World Bank, which will handle the entire operation with internationals banks. Thus, Nicaragua will not [word indistinct] one dollar and no official of this government will even touch a dollar. [end recording]

Pereira confirmed that high-ranking officials of international organizations will recommend this offer and this leads us to presume that the market will accept Nicaragua's proposal of eight centavos for every dollar owed.

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Argentina

Project Raised at UN To Limit Nuclear Weapons

PY2807031195 Buenos Aires TELAM in Spanish 2305 GMT 27 Jul 95

[Report by unidentified correspondent]

[FBIS Translated Text] United Nations, 27 Jul (TELAM) — Emilio Cardenas, the Argentine ambassador to the United Nations, emphasized today that Argentina has raised a project at the UN Security Council to limit the proliferation of nuclear weapons and weapons of mass destruction.

The Argentine project intends to empower the UN Security Council to implement "the appropriate measures" when those countries that favor the proliferation of nuclear, biological, and chemical weapons are identified.

Cardenas told TELAM: "Progress has been achieved within the UN Security Council on our country's project to limit the proliferation of nuclear weapons and weapons of mass destruction."

Cardenas reported that the Argentine project was well received by the United States, the United Kingdom, France, and Russia, which are permanent UN Security Council members.

Otherwise, a "hostile attitude" was expressed by China and a sector of the Movement of Nonaligned Countries.

After these disagreements surfaced, the UN Security Council decided to postpone the discussion of and vote on the Argentine proposal. The UN Security Council will wait until changes are introduced in the project.

It was reported that, if the Argentine proposal is approved, the UN Security Council could take action in the cases of Iran, Pakistan, and North Korea, which are currently engaged in the proliferation of nuclear and chemical weapons.

Pakistan and India have expressed their opposition to this project.

Cardenas pointed out that China proposed various changes. If these changes are implemented, they "would undermine the Argentine project, making it declarative rather than executive," he noted.

Cabinet Chief Orders New National Budget Cuts

PY2707203295 Buenos Aires LA NACION in Spanish 26 Jul 95 p 1

[FBIS Translated Text] Chief of Cabinet Eduardo Bauza has introduced a new budget cut, the fourth so far in the current budget. The current cut amounts to 117 million pesos. The areas most affected are the Economy and Defense Ministries.

Administrative Decision 1 (equivalent to a presidential decree) is signed by Bauza, [Economy Minister] Domingo Cavallo, and [Interior Minister] Carlos Corach. It reduces the Finance Ministry's spending plan by 33.1 billion pesos and the Defense Ministry's budget by 31.1 million pesos. The document is dated 13 July and is stamped "confidential."

Breakdown by area.

The breakdown of "the spending reductions by jurisdiction," in pesos, is as follows:

Presidency:	14,600,000
Interior Ministry:	8,000,000
Foreign Ministry:	7,400,000
Justice Ministry:	1,700,000
Defense Ministry:	31,100,000
Economy Ministry:	33,100,000
Education Ministry:	5,000,000
Labor Ministry:	6,700,000
Social Action Ministry:	9,400,000

Armed Forces Given 15 Days To Make New Budget Cuts

PY2807002195 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2008 GMT 26 Jul 95

[FBIS Translated Text] Buenos Aires, 26 Jul (NA) — It was reported at the Defense Ministry today that the three Armed Forces general staffs and the Border Police and Coast Guard have been ordered to communicate to the Defense Ministry, within 15 days at the most, how will they implement the budget cut ordered by the government.

Thus, the implementation of the measure adopted by Chief of Cabinet Eduardo Bauza and approved by Economy Minister Domingo Cavallo and Interior Minister Carlos Corach was left in the hands of each military branch chief.

The resolution asks the Armed Forces to cut 31.1 million pesos from its budget. This is the third budget cut in less than a year.

The first cut amounted to 150 million pesos and the second to 10 percent of the 1995 budget.

In the current circumstances, the Army, which had requested an additional sum of 15 million pesos for the voluntary military service, will not only not receive that

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amount, but it will have to introduce an additional 10 million-peso cut into its current budget.

The Navy and the Air Force must implement cuts of 7 million pesos each, while the Border Police and the Coast Guard will have to cut 1.8 million pesos from their budget.

The rest are savings that must be made at the level of the Joint General Staff and the Defense Ministry.

The officials refused to comment on the question of whether military operations will be affected by the measure, enigmatically answering instead: "The question is correct."

The resolution, which is dated 13 July, bears the signatures of the three ministers and was communicated to the affected parties with the comment that each general staff or department chief will have 15 days to report where the cuts will be made.

Military Leaders Express 'Bitterness'

PY2807024095 Buenos Aires CLARIN in Spanish 27 Jul 95 p 6

[FBIS Translated Text] High-ranking military leaders have expressed the sentiment that the new 117-million peso budget cut implemented by the government would make the Armed Forces "ungovernable."

Out of this 117-million peso budget cut, 31 million pesos concern the Defense Ministry. This will involve a 10-million peso budget cut for the Army and about 7 million pesos for the Navy and the Air Force, respectively.

The winter holidays of the military sector were altered yesterday by a series of meetings of the Army, Navy, and Air Force staffs, whose leaderships are reviewing the way in which they can implement the governmental budget cut, without totally halting their activities.

Nevertheless, the Army, Navy, and Air Force chiefs of staff did not meet because Defense Minister Oscar Camilion and Lieutenant General Mario Candido Diaz, the joint chief of staff, are now participating in a continental meeting [of defense ministers of the Americas] in Washington [as published]. Brigadier General Juan Paulik, the Air Force chief of staff, is currently visiting London.

Army leaders have agreed in saying: "At this moment, it already can be predicted that the voluntary military service is in serious trouble and there is a risk that it may no longer operate."

Bitterness increases after a comparison is made: The Army's operational budget (120 million pesos) is lower than that of the British garrison in the Malvinas Islands.

Budget Cut To Affect Draft

PY2807030795 Buenos Aires TELAM in Spanish 2137 GMT 27 Jul 95

[FBIS Translated Text] Buenos Aires, 27 Jul (TELAM) — Defense Minister Oscar Camilion today admitted that, as a result of a series of budget cuts, there will be problems to draft new soldiers for the voluntary military service before 1996.

Speaking for Radio America from the United States, the defense minister said: "Following a series of cuts, some of which have been implemented very recently, the possibility of drafting new soldiers is, at the very least, slimmer."

Camilion explained: "With the funds available to us, it will be difficult to draft new soldiers in 1995." He indicated: "The current number of soldiers meets our budget possibilities."

The minister said: "We now have (a number of soldiers) that we described as a minimum."

The defense minister hopes that "this situation will be changed next year," allowing the drafting of more voluntary soldiers for the Armed Forces.

The defense minister admitted that the Lockheed aviation company could dismiss former Cordoba Materiel Area workers.

The defense minister pointed out: "The possibility of implementing a streamlining there has never been discussed. The military aircraft factory has a very unfavorable personnel organization."

The defense minister added: "We have a system that guarantees us that the Lockheed company will employ personnel, but in those activities in which there is a personnel surplus, the management will take the appropriate steps."

Camilion rejected the criticism of approving the "concession" of the Cordoba Materiel Area leveled by various opposition sectors. He noted: "All this literature on national assets is ineffective and truly anachronistic."

The defense minister stressed: "The aircraft factory was closing down because it was not possible to keep it open. Now it will be operating. It will become a growing source of employment. All this literature on national assets actually is completely insignificant in 1995."

The defense minister said the situation prevailing in the territories of Bosnia-Herzegovina "is quickly deteriorating." He explained that there are no Argentine "Blue Helmets" in that zone of conflict.

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Camilion pointed out: "We do not have any troops in Bosnia, but two joint staff observers." He noted: "We actually have a significant number of troops in Croatia."

Santiago del Estero Makes Budget Cuts

PY2707183695 Buenos Aires TELAM in Spanish 2201 GMT 26 Jul 95

[FBIS Translated Text] Santiago del Estero, 26 Jul (TELAM) — Official sources have reported that the government of Santiago del Estero today decided to reduce allocations assigned to consumer goods, subsidies, services, and public works as much as possible within the framework of a plan of public spending adjustments and restrictions.

The provincial government issued a decree suspending all overtime, eliminating funding for research and consultation, and reducing official advertising contracts.

Governor Carlos Juarez also ordered that in the future long distance telephone calls "must be approved by ministers and secretaries of state."

The decree also reduces the use of gasoline by the entire public administration by 50 percent.

The decree that was published today also establishes that only the highest-ranking government authorities may use official vehicles.

The executive branch also ordered a moratorium on the payment of real estate tax and taxes on gross income, vehicles, stamps, social assistance, service rates, and gambling, among others.

Last week the government ordered all public administration salaries to be cut by percentages varying from 5 to 20 percent on the total amounts paid on 30 June.

The spending cut includes the executive, legislative, and judicial branch, the Accounts Tribunal, decentralized organs, autonomous entities, and social projects.

The reduction also affects areas operating under collective labor agreements in the provincial public administration.

The decree justifies the measure by saying that "it is necessary to adopt urgent measures to avoid deterioration of the grave provincial economic and financial situation and its eventual social consequences."

Finance Secretary on Fulfilling IMF Targets

PY2807034395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1832 GMT 26 Jul 95

[FBIS Translated Text] Buenos Aires, 25 Jul (NA) — Finance Secretary Ricardo Gutierrez said today that Argentina had fulfilled IMF fiscal goals for the first half of the year.

The analysis of the financial situation at the end of the first half of 1995, after paying foreign debt interest, shows a $736.3 million deficit, or $26.3 million more than what was agreed upon with the IMF, which accepted a deficit of $710 million.

Gutierrez considered IMF goals "technically met" despite the difference because the "figure is not significant compared to the thousands of millions we are talking about."

The official told journalists accredited at the Finance Ministry that the monetary reserve surplus deposited at the Central Bank was $800 million during the first half.

During the next half, Argentina will have to produce a fiscal surplus, without privatizations, of some $2.8 billion to fulfill the IMF annual goal.

The figure agreed upon between the government and IMF officials is an annual surplus of $4 billion, with privatizations, which drops to half that amount when revenues from the sale of state assets are not counted.

With respect to reserves, the goal is a surplus of $2.4 billion for the year. Therefore, reserves will have to grow by an additional $1.8 billion in the second half.

Public spending during the first half reached 27.2483 billion pesos, while current revenues reached 28.3552 billion.

The current account had a primary surplus of $1.1069 billion when we include the proceeds from privatizations, although in the end there is a deficit of $736.3 million after paying interest on the foreign debt.

The finance secretary admitted that disbursements on account of social security (pensions and compensation) increased by 315 million pesos during the first part of the year compared to the last half of 1994.

Gutierrez argued that the social security spending increase was due to "a sustained spending growth before the approval of the Social Security Solidarity Law, which affected the first part of the year."

The secretary said that thanks to this law, spending on social security "has remained frozen" from then on.

Another item that increased significantly compared with the second half of 1994 is the transfer of national resources to the provinces and Buenos Aires Municipality.

Gutierrez stressed that spending on Consumption and Operation (which includes salaries) dropped by $160 million compared to last year's second half.

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"Spending on the public administration operation is in accordance with what the economy allows us to do, although there is still room for improvements," Gutierrez said.

Budget Under Secretary Marcos Makon warned that the current state structure "makes any spending reassignment inefficient."

Current revenues were approximately $1 billion lower than revenues during the second half of 1994.

Revenues from taxes totaled $15.5161 billion, or approximately $300 million less than the previous half.

The most significant drop was registered in the item of social security contributions, which dropped from between 900 million pesos to 1 billion pesos compared to the second half of 1994. This was due to the fact that a good part of the contributions ended up in AFJP [Pension and Retirement Fund Managing Company] chests.

Gutierrez concluded by saying that the IMF goals for the second half will be met thanks to tax payers and the state's great effort to obtain good tax collection levels.

Gutierrez said the situation will start improving in July and August, adding that "the recovery of the financial system to reactivate the economy" is essential.

The credit crunch derived from the financial crisis provoked by the Tequila effect had negative repercussions on our economic activities and many companies were unable to pay all their fiscal obligations.

Brazilian Industry Minister on Growth, Car Quotas

PY2807030995 Buenos Aires TELAM in Spanish 1915 GMT 27 Jul 95

[FBIS Translated Excerpt] Buenos Aires, 27 Jul (TELAM-SEM) — Brazilian Industry Minister Dorothea Werneck emphasized today that Brazil wants to reduce its economic growth rate to 6 percent, without causing a recession. She noted that after this target is achieved the most drastic measures will become more flexible.

Werneck said Brazil does not want a recession but a reduction of its economic growth rate to 6 percent, as this year's projections have been ranging between 11 and 12 percent.

The Brazilian industry minister emphasized that this restrictive policy has been designed for preventing domestic price increases and reducing imports that are burdening the Brazilian trade balance.

The Brazilian industry minister added that these measures, which included import quotas for cars from outside our region, are intended to be preventive rather than corrective. She noted that she prefers the measures "to be excessive rather than insufficient."

Concerning the discussion on the role to be played by the free trade zones in Manaus, Brazil, and Tierra del Fuego, Argentina, Werneck said the free trade zone in Manaus would be redrawn by an inter-ministerial committee. During the Ouro Preto gathering [presidential summit of Common Market of the South countries], it was established that the free trade zones in Manaus and Tierra del Fuego would be exempted from tariffs until the year 2013.

The Brazilian industry minister added that the negotiations on the free trade zones in Manaus and Tierra del Fuego would be conducted between the two governments to prevent conflicts such as that prompted by the public discussion of the car marketing system. [passage omitted]

Concerning the antidumping [preceding word in English] policy, the minister noted that, in an open economy, it is essential to have a prompt and effective structure to control unfair trade. She explained that, in Brasilia, two decrees on compensatory rights and safeguards have already been released, while another decree on dumping [preceding word in English] would be promulgated in the next few days. [passage omitted]

Correction to Possible Solutions to Unemployment Viewed

PY2107022395

The following correction pertains to the item headlined "Possible Solutions to Unemployment Viewed, which appears in the 21 July Latin America DAILY REPORT, page 19:

Column one, paragraph one, only sentence, please make read: ...mining project called "Down the Salt Mine" ["Bajo la Alumbrera"] to begin in... (correcting vernacular, adding editorial note)

Correction to Cordoba Senate Amends Emergency Bill

PY2507185095

The following correction pertains to the item headlined "Cordoba Senate Amends Emergency Bill," which appears in the 24 July Latin America DAILY REPORT, page 30:

Beginning column one, paragraph eight, make read: ...branch to issue vouchers for 800 million... (changing "bonds" to "vouchers") (Change applies throughout item)

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Bolivia

Aranibar Says No Need To Militarize Drug Enforcement

PY2707133495 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 27 Jul 95

[FBIS Translated Text] Foreign Minister Antonio Aranibar has said there is no need to militarize drug enforcement. This puts a check on Annex 3 [of the agreement with the U.S. Government].

He added that the direct participation of the Armed Forces in drug enforcement is not included in the national doctrine. This is how Minister Aranibar expressed opposition to the request by U.S. Vice President Al Gore who, in the continental meeting of defense ministers, called on the Armed Forces of the Americas to join the police forces in charge of this task.

Controlled Substances Under Secretary Victor Hugo Canelas said the FELCN [Special Antinarcotics Force], Umopar [Mobile Police Unit for Rural Areas], the Blue Devils task force of the Navy, the Red Devils of the Air Force, and the Green Devils of the Army can handle drug enforcement. The Government Ministry believes it is not necessary to militarize drug enforcement in Bolivia because the specialized organizations have enough logistical and operational capabilities to handle drug enforcement.

This was the categorical answer to U.S. Vice President Al Gore, who called for the participation of the Armed Forces in the drug enforcement effort.

Sanchez Postpones Trip to Lima

PY2807014495 La Paz Radio Cadena Nacional Network in Spanish 2300 GMT 27 Jul 95

[Special report by Jorge Jimenez of ERBOL News Agency]

[FBIS Translated Text] It has been confirmed at Government House that President Gonzalo Sanchez de Lozada's trip to Lima has been postponed. He was to leave today to attend the inauguration of reelected Peruvian President Alberto Fujimori, but his activities concerning consultations on the administrative decentralization have forced him to postpone the trip.

The official presidential delegation is expected to leave tomorrow at 0730 aboard the presidential plane to arrive at approximately 0900 in Lima, where the president must participate in a meeting with Brazilian President Fernando Henrique Cardoso to assess and evaluate the development of the project to sell gas to Chile.

Brazil

President Cardoso Leaves for Peru

PY2707182395 Rio de Janeiro Rede Globo Television in Portuguese 1600 GMT 27 Jul 95

[FBIS Translated Text] President Fernando Henrique Cardoso a short time ago left for Lima, Peru. He will attend the inauguration ceremony of Peruvian President-elect Alberto Fujimori.

Government To Meet Claims of Landless Farmers

PY2807031395 Brasilia Voz do Brasil Network in Portuguese 2200 GMT 27 Jul 95

[FBIS Translated Text] The government will meet the main claims made by the landless rural workers. The families settled within the framework of the agrarian reform project will have this year 180 million reals [R] to purchase working equipment and pay for the next harvest's cost. This was announced by President Fernando Henrique Cardoso to a group of 27 leaders of the Landless Farmers Movement. The Treasury will transfer the resources to the Bank of Brazil, BB, through the Special Credit Program for the Agrarian Reform [Programa de Credito Especial para a Reforma Agraria — Procera]. An overall R45 million will be allocated in portions to the program. Each family will receive R7,500 and pay interest rates of 12 percent per year, without monetary correction, and with a 50 percent discount. This means that, at the end, the family of the settled farmer will pay only for 50 percent of the debt.

One of the Landless Farmers Movement coordinators, Joao Pedro, said the group was satisfied over the meeting held with the president:

[Begin Pedro recording] We are satisfied, but we realize that this was a victory of the 5,200 landless farmers who have come to Brasilia to present their claims to the government. [end recording]

In the document handed to the president, the Landless Farmers Movement asks the government to immediately confiscate the land of the 1,276 largest insolvent BB debtors as payment for their debts. They also request that the debts of the large landowners and sugar mill owners, which have been endorsed by the national Treasury, be paid in land and that this land be used for the agrarian reform program.

During the meeting with the landless farmers, President Cardoso also asserted that he will settle 30,000 landless farmers before November. According to Cardoso, this is what the government can do:

[Begin Cardoso recording] We must settle them wherever it is possible to do so. We must be very clear about

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that. We will settle them wherever it is possible to do it. We will discuss that with the communities in each state. We will discuss whether there is land in that specific state, whether there is land near the place they are camping, and whether there are possibilities of giving them food. This, we can do.

We can only achieve something if we clearly mention, and establish, objective and realistic goals, without trying to fool anyone, and by working together. Things must be done openly, in an earnest way, and we will do that. [end recording]

President Cardoso granted another of the landless farmers' request:

[Begin recording] [Cardoso] We will have the possibility of ensuring the 12 percent interest rate with the 50 percent discount. We will have the possibility of meeting this demand of a 12 percent interest rate, without charging TR [Reference Interest Rate] or TJLP [Long Term Interest Rate] on the loan, and with a 50 percent discount. This can be done, although it means that the Treasury will have to throw money into the operation. The people will be paying, as they should do, to benefit a group of people who need help. It is not the government that is paying. I am not giving anything. It is the people, themselves, who are giving this money. This must be well understood. I must use these resources with a very good criterion because these resources are not mine. I can tell you, however, that this claim can be granted. Lots of calculations have been done and this 50 percent discount can be implemented.

[Unidentified speaker] [question indistinct]

[Cardoso] Immediately. [end recording]

The ceiling for investments to be made through Procera, which is fixed at R3,000 for each settled family, will be doubled and can total as much as R7,000. In this case, the Landless Farmers Movement request of a R10,000 ceiling has been only partially complied with.

The president has discarded the possibility of linking the National Land Reform and Settlement Institute, Incra, directly to the Presidency of the Republic. He also discarded the possibility of settling 100,000 families still this year:

[Begin Cardoso recording] What I said I would do, I will do. We have the possibility of solving the problems of those who are living in encampments. The Incra is now responsible for that. We have conditions to do that, and I must transfer resources to enable Incra to do that, as long as the problem does not represent a way of exerting permanent pressure on the government. It is clear that there is pressure, but we must also realize that the government has limitations, and thus make an effort to avoid harming the overall land reform and settlement process. [end recording]

Cardoso's Growing Foreign Policy Role Viewed

95SM0437C Sao Paulo GAZETA MERCANTIL in Portuguese 11 Jul 95 p A-6

[Commentary by Maria Helena Tachinardi, reporting from Caracas: "The New Shape of Brazilian Diplomacy"]

[FBIS Translated Text] At his first press conference following his election, Fernando Henrique Cardoso said he would personally conduct Brazilian foreign policy. And that is exactly what is happening. After six months of this administration, we can already see the imprint of the president's style and ideas on the conduct of diplomatic affairs.

On his trip to Venezuela last week, the president was hailed by [Venezuelan President] Rafael Caldera as "a great leader" of Latin America. Fernando Henrique commented on this in responding to a question from a reporter about the potential need for a leader in the region and the possibility of his filling that role.

"I already have the Government of Brazil to run, and that is enough for me," he answered, with a smile that suggested the opposite is true. Gathering steam, he went on to say: "I want to stand with the presidents of other Latin American countries so we can put this continent on the right track." Diplomatically, so as not to step on any toes—and as suits a good politician—he then qualified this, in Spanish: "But, for God's sake, no talk of leadership. Such a pretention has never been well received in Brazil, has never really had a motivation in Brazil. That is not what motivates Brazil's relationships of equality with the countries of Latin America and the rest of the world."

He continued his answer, speaking enthusiastically but astutely: "If it were possible to keep on motivating Brazil to keep moving forward, if that is what people call leadership—well, then that would be my function as president, but that sort of thing is more than enough."

Even though strategically it would be inappropriate to admit it, the fact is that Fernando Henrique Cardoso has been occupying more and more space on the Latin American political scene. President Caldera not only hailed him as a leader but pointed out that Brazil has to assume a natural leadership role in the region.

"It is a different kind of leadership, a leadership through cooperation and integration," added Brazil's ambassador in Caracas, Clodoaldo Hugueney Filho,

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who received several phone calls from Venezuelan businessmen asking for copies of the extemporaneous speech the president made at a lunch sponsored by the Venezuela-Brazil Chamber of Commerce, where he was applauded when he gave an ideal recipe for governing: do not control prices, do not lie, and be open.

"By the agreements he signed in Venezuela, the president showed the rest of Latin America that Brazil is prepared to take up a super-complicated agenda with the other countries, one that includes cooperation in several fields—telecommunications, petroleum, trade, the formation of a free trade area, and on the political plane," Hugueney remarked. He said the model will not be the same for Colombia or for Ecuador. "It is possible to prepare a special menu that interests both partners."

Brazil does in fact want more influence in South America, an arena that is different from the Caribbean and Central America. But even in the shaping of a hemispheric free trade zone that joins the various integration systems, the Fernando Henrique administration has been assuming a leadership role. This became clear in Denver, when Foreign Minister Luiz Felipe Lampreia argued that it is necessary for "the procession to move slowly" on President Bill Clinton's plan. "The weight of the United States is such that it is necessary to move more slowly in order to achieve a better balance. Brazil will not accept an accelerated pace. Even countries like Chile and Argentina supported the Brazilian position. That showed that Brazil has a capacity for leadership that is not characterized by confrontation," the ambassador said.

In every country he visits, Cardoso spouts ideas. In the very early days of his administration, he attended the inauguration of Uruguayan President Julio Maria Sanguinetti, where he began to lead a movement to combat the effects of volatile capital flows in Latin America. He developed the idea further in Chile, where he criticized the IMF and asked for new mechanisms to curb the de-stabilization of the region's economic plans. And last week in Caracas, at the ceremony in which he was awarded an honorary doctoral degree from the Central University of Venezuela, he left a message about Latin American identity. He talked about the region's economic and political thought: the ability to "make an original copy," to absorb the American and European theories and reinterpret them creatively.

The new Brazilian presidential diplomacy reaffirms the need to maintain the Real Plan. And on this point the president is adamant, selling the ideas that carried him into Planalto Palace. Fernando Henrique's Latin American travels have all the ingredients that give him pleasure: his intellectual side, which he exhibits in academic circles or at organizations like ECLA [expansion not given], in Chile, and his passion for contact with the man-in-the-street, as occurred in Caracas. Shortly after leaving the Venezuelan Congress, where he won over its legislators by declaring himself a "son of Bolivar" and saying that Congress was the "house of the people and of a people with power," recalling past decades, the president walked a short distance along Carmelitas Street, in the heart of downtown. He distributed kisses, hugs, and smiles. "Now that is what a president should be—he walks, moves, mixes with ordinary people...but he is distinguished," a spectator commented.

The president has plenty of ideas and chooses the right occasions to play with them. In the middle of his speech to the Venezuelan Congress, he improvised another maxim that pleased the Venezuelans: "The Amazon Region is a treasure that must be handled lovingly, intelligently, and rationally. After all, what good does it do to destroy it for the sake of a potential agricultural use that lasts two or three years but serves no purpose afterward?" This paves the way for a seminar on ecotourism that Ambassador Clodoaldo Hugueney is planning to hold later this year in Puerto Ordaz in the border State of Bolivar.

Another change of "degree" in Fernando Henrique's foreign policy is the way Brazil's plan to win a permanent seat on the UN Security Council is being handled. The government is still interested in it, but is not lobbying hard. It has in Venezuela one of its most important campaign workers in the region.

Foreign Minister Views Access to Advanced Technology

PY2707190195 Sao Paulo FOLHA DE SAO PAULO in Portuguese 23 Jul 95 Section 1 p 3

[Article by Brazilian Foreign Minister Luiz Felipe Lampreia: "Foreign Policy, Non-proliferation, and Access to Technology"]

[FBIS Translated Text] In his inaugural speech, President Fernando Henrique Cardoso pointed out as a government priority the desire to achieve better access to state-of-the-art technologies, which are essential for our sustained development. In coordination with the pertinent national organizations, Itamaraty is doing its best to attain this goal, seeking to intensify and promote partnerships with foreign parties that could contribute to our national technological development.

Yet since the second half of the 1980's, Brazil has embarrassingly encountered obstacles when seeking access to state-of-the-art technologies, especially those considered sensitive — that is, those that have both military

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and civilian use — especially in the development of weapons of mass destruction (nuclear, chemical, and biological) as well as its launching systems (missiles).

Such embarrassments, which have been heightened by the regional conflicts of the past few years, simply reflected the g[illegible]rest of most of the international community i[illegible]nent and non-proliferation, especially through [illegible]ntrol of sensitive technologies.

This matter is now very important for Brazil, which has attained advanced development in several state-of-the-art technological fields. As a country that possesses sensitive technology, Brazil must ensure the responsible use of this technology. As a country that desires greater access to sensitive technologies which it does not posses, Brazil needs solid credentials before the international community of its reliability and responsibility.

Brazilian diplomacy has sought compatibility between its interest in deepening international cooperation in the field of sensitive technologies and its efforts for the non-proliferation of weapons of mass destruction.

In its cooperative efforts, Brazil has adopted — as a basic requirement — effective control over domestically developed sensitive technologies or technologies obtained from other countries, the use of which could encourage the proliferation of weapons of mass destruction and its vectors.

With such concern, the Brazilian Government has just sent to Congress a draft bill on exports of sensitive goods, technologies, and services. The draft bill envisages the government controlling operations in all fields considered sensitive.

Thus, exports in this field must be previously authorized by the pertaining federal institutions, including Itamaraty, under the coordination of the Strategic Affairs Secretariat. Approval of this bill will enable us to gain access to essential technologies and allow us to participate in international mechanisms of control of transferences, including MTCR (Missile Technology Control Regime).

We do not seek — it is good to repeat this — to create difficulties for Brazilian exports in certain high technology sectors, much less preventing free trade of knowledge in these fields — which Brazil has always defended. What we seek is to ensure that such exchange or cooperation activities be compatible with the profile of a country like Brazil which is — in its commitment with disarmament and non-proliferation — one of the pillars of its foreign policy and its image abroad.

The Constitution establishes that domestic nuclear activities can only be for peaceful purposes. Brazil has ratified the Tlatelolco Treaty which establishes a zone free of nuclear weapons in Latin America and which constitutes a far-reaching and balanced international commitment. We maintain exemplary cooperation relations in the nuclear field with Argentina, with a degree of transparency and trust previously unheard of between two countries.

Brazil has been equally active in the field of non-proliferation of missiles. The government unilaterally decided to observe the principles of the MTCR and it has likewise intensified talks with the main MTCR member countries with the purpose of joining this regime as a full member.

In December 1994, Brazil established a national system of control of exports of sensitive technologies until congress approves the recently presented draft bill, which is clear-sighted and more far reaching. Brazil his also created the Brazilian Space Agency (AEB) which is a civilian institution that will administer the Brazilian space program and define the Brazilian space policy.

The impact of this government initiative will greatly favor national activities in the nuclear and space fields, especially the Satellite Launch Vehicle (VLS). The establishment of a solid legal basis to control exports of sensitive technologies will complement a framework that will allow a better use of our technological achievements in the mentioned fields and it will increase our perspectives for broader international cooperation.

This is because Brazil will consolidate its transparency regarding the exclusively peaceful objectives of its state-of-the- art technological development programs.

Brazil has an unequivocal determination for peace and seeks development through understanding and cooperation. As such, it must be fully engaged in international non proliferation efforts. The approval of the draft bill sent by President Fernando Henrique Cardoso to Congress represents an essential step forward. What is more, it offers Brazilian society a very useful instrument through which to seek the best technology the country needs to grow.

Chile

Army Denies Troops Confined to Barracks

PY2707021595 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 27 Jul 95

[FBIS Translated Text] The Army has denied an alleged confinement of troops to barracks.

It was learned that in the next few hours, the Army will submit to the government an account of the massive visit paid by its members to Punta Peuco prison.

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Pinochet Discusses Latest Developments With Officers

PY2807031295 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 28 Jul 95

[FBIS Translated Text] The meeting General Augusto Pinochet held with 1,400 Army officers of the Santiago garrison lasted 45 minutes.

It was learned that the Army commander pointed out the need to reach a correct interpretation of the Amnesty Law.

Army Commander Gen. Augusto Pinochet, who arrived at the Army headquarters at 0940 this morning, accompanied by the Army deputy commander, met in the auditorium with some 1,400 officers and non-commissioned officers of the Santiago garrison.

For approximately 40 minutes, the Army officers listened to Gen. Pinochet, who was the only speaker on this occasion.

According to information obtained, Pinochet talked about the Army's performance on 11 September 1973 and the reasons that inspired it. He added that some Marxists of those times now intend to divide the institution.

In referring to the economic problems affecting military personnel, he said there are many officers who have retired lately due to the poor salaries.

As for the latest development at the Punta Peuco prison, he said this is not the appropriate moment to continue with that sort of demonstration, and added that talks will continue to be held regarding the correct implementation of the Amnesty Law.

In this regard, he recalled that there are almost 800 cases of civilians involved in incidents of violence that have benefited with this law.

The same reliable sources stated that regarding the Contreras and Espinoza case, Gen. Pinochet recalled the campaign of pressure that resulted in an early judgment by the society.

It was also learned that he explained to the officers that Gen. Contreras' health is very delicate.

Pinochet ended his remarks by making an appeal to have faith in the higher command and in the Army.

Frei Urges End to Proceedings Against Pinochet's Son

PY2707021795 Madrid EFE in Spanish 0209 GMT 26 Jul 95

[FBIS Translated Excerpt] Santiago, 25 Jul (EFE) — In compliance with a petition extended by Chilean President Eduardo Frei, the State Defense Council agreed today, in a split vote, not to insist on a trial against the son of Army Commander in Chief General Augusto Pinochet.

Davor Harasic, current State Defense Council president, reported that the agreement was achieved after a four-hour debate, although he declined to provide further details on the decision.

Last week, the State Defense Council asked for the reopening of the trial against Augusto Pinochet Iriart and three retired Army officers for the purchase by the Army of a rifle factory that was technically bankrupt. [passage omitted]

Military-Civic Ties Viewed, Coup Denied

PY2707182895 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1100 GMT 27 Jul 95

[FBIS Translated Excerpt] After an important meeting with Interior Minister Carlos Figueroa and a meeting of the cabinet's political team, CPPD [Coalition of Parties for Democracy] leaders said yesterday that the administration will not tolerate pressure from the military. The objective of the latter meeting was to assess the military-civic disagreement.

[Begin recording] [Unidentified reporter] Top-ranking CPPD leaders started to arrive at Interior Minister Carlos Figueroa's private residence very early in the morning. They assessed the recent issues that have created tension in civic-military ties, among them the situation of General Contreras; the pending trials of military officers; the opposition's human rights proposal; the case involving the issuance of Army checks to General Pinochet's son; and the impact of the military rally in Punta Peuco. They also agreed to follow President Frei's proposal to allow the courts to enact the amnesty law.

[Party for Democracy President Jorge Schaulsohn] They seek to force political parties to issue a law of expiration through harassments and pressure. The CPPD will not tolerate this because we are a party that believes in democracy, the state of law, and freedom.

[Reporter] Is that what the military want, a law of expiration?

[Schaulsohn] Yes, I believe so.

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[Socialist Party President Camilo Escalona] There are rumors that more rallies will be held in the next few days to provoke a reaction from civilian society and the administration.

We wish to state in a responsible manner that the PS [Socialist Party] will not change its position even if it has a gun to its head.

[Christian Democratic Party President Alejandro Foxley] Our position is that the administration and CPPD members have sufficient national support to be able to look at the future without any fears. They are capable of finding solutions. As has been proven over the past 20 years, Chile has enough strength and courage to tenaciously defend freedom and democratic institutions.

They can go to the streets and make all the noise they want, but no one will pay attention to them. [end recording]

In Valdivia Senate President Gabriel Valdes said he is convinced institutional stability will prevail.

[Begin Valdes recording] I am fully convinced the president will uphold the Constitution and the state of law. I am also convinced that Defense Minister Perez Yoma has all the personal qualities and the political support to reassert the authority that the Constitution bestows on him because the Armed Forces conduct their activities with the administration through the defense minister, who is their immediate superior. If he has ordered an investigation, it will be conducted. [end recording]

Rightist parties have rejected the holding of new military demonstrations that may take place this coming weekend in Punta Peuco. Leaders of rightist parties warned that these mobilizations can complicate things further.

[Begin recording] [Valdes] Top-ranking National Renewal [RN] and UDI [Independent Democratic Union] leaders submitted to the Bishop's Conference their peace proposal and asked the Church to mediate in the reconciliation process. They said the current situation demands gestures from both political parties and the Army.

[RN President Andres Allamand] I personally believe further demonstrations would be very inappropriate. I do not believe more demonstrations would contribute anything at this time. On the contrary, I believe it would complicate things even further.

[UDI President Jovino Novoa] It is always inappropriate for the military to stage demonstrations. The military are not here to stage demonstrations, and they are perfectly aware of this. [passage omitted] [end recording]

The Army is absolutely silent about the demonstration by officers at the Punta Peuco jail. General Pinochet is scheduled to meet tomorrow with Defense Minister Perez Yoma during a routine meeting of the Armed Forces commanders.

The Army has issued no reports about the investigation that the administration requested of Gen. Pinochet. As usual, the media had no access to the Army commander and was only able to see his motorcade go by. Moreover, Army generals have kept absolutely quiet about doubts over the true meaning of the rally at Punta Peuco.

Was it just a rally to express solidarity with Brigadier Pedro Espinoza, a rally to pressure political parties, or an expression of unrest? [passage omitted]

Gen. Pinochet will meet with Defense Minister Edmundo Perez Yoma on 28 July during the meeting of Armed Forces commanders. Also present at the meeting will be the Air Force and Navy commanders. It is very likely they will discuss the rally of military officers at Punta Peuco because military issues are broached during these meetings and particularly because it has been reported that more rallies are scheduled this coming weekend. [end recording]

The Army last night denied press reports about the plotting of a coup d'etat and or that the Army is in open contempt of the civilian power. An ORBE news agency report states that Lieutenant Colonel Juan Miguel Fuentealba, the Army communications department chief, denied any movement and said, quote: The situation in Santiago units is completely normal. They are conducting their routine activities in compliance with the Army schedule, end quote.

The statement that Colonel Fuentealba made last night is the only official Army reaction to numerous commentaries about the Army by CPPD representatives.

Coalition Seeks 'Common Stance' on Human Rights

PY2707155995 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 27 Jul 95

[FBIS Translated Text] Members of the Coalition of Parties for Democracy [CPPD] continue to seek a common stance on the human rights issue.

Today the chairmen of the CPPD member parties met with ministers of the political field.

Interior Minister Carlos Figueroa today hosted important talks in search for a common stance and coinciding viewpoints regarding the delicate human rights problem and the strained atmosphere in the civilian-military relationship these past few days.

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The meeting, in which the chairmen of the CPPD member parties and the ministers of the political committee participated, lasted three hours. Figueroa did not give any official information on the meeting. The contents of the event were only revealed after noon by Jose Joaquin Brunner, minister secretary general of government.

[Begin Brunner recording] This is the continuation of the meeting held on 24 July to assess the situation and to decide how to create the appropriate climate requested by the president of the Republic on 21 July. We also discussed how to achieve that climate marked by a spirit of dialogue, agreement, and debate without any haste, in a calm, serene manner that will allow us to tackle the reconciliation process in the next few months. [end recording]

The chairmen of the CPPD member parties did not disclose the contents and subjects raised during the meeting at Figueroa's home but they all agreed to work united and voiced their full support for President Eduardo Frei.

This, seemingly, was the beginning of a solution to an obvious disagreement between the bloc formed by the Socialist Party [PS] and the Party for Democracy [PPD] and the Christian Democratic Party [PDC] on how to tackle the pending human rights problems.

[Begin recording] [PS Chairman Camilo Escalona] Regarding the internal disagreements, I wish to point that the party chairmen have reached agreement to end this useless, sterile situation. Sometimes these situations entail valid political viewpoints, but above all we must end the personal accusations that unfortunately have been made.

[PDC Chairman Alejandro Foxley] We are willing to forget all that. We are also willing to reach a common stance within the CPPD and, obviously, we are going to continue to give President Frei and his government our support.

[PPD Chairman Jorge Schaulsohn] We will work with the remaining CPPD member parties to offer our support, to establish a common front at this sensitive moment. [end recording]

As for his disagreement with Senate President Gabriel Valdes and PDC Vice President Jorge Pizarro, Schaulsohn said the matter is a closed.

Meanwhile, UDI [Independent Democratic Union] and National Renewal Party [RN] leaders met with the Episcopal Conference President Msgr. Fernando Arristia, Episcopal Secretary General Christian Caro, and Talca Bishop Msgr. Carlos Gonzalez to explain the contents of their proposal to solve the human rights problems which consists, basically, in the application of the Amnesty Law according to the spirit that inspired the law. The leaders pointed out the need for the CPPD to overcome its internal disagreements.

[Begin RN Chairman Andres Allamand recording] We need a united political interlocutor to discuss our proposal. The difficulties facing the CPPD prevent us from doing so. [end recording]

The opposition leaders said they will continue to meet with other sectors of the Chilean society to discuss their proposal.

Disagreements Within Coalition Hinder Reconciliation

PY2707131195 Santiago EL MERCURIO in Spanish 24 Jul 95 p A3

[Editorial: "Disagreements Over Reconciliation"]

[FBIS Translated Text] The motion presented by four opposition senators and one designated senator, which advocates legislation to establish terms for trials of members of the Armed Forces in order to legally clarify the Amnesty Law and to facilitate investigations into the whereabouts of missing persons, has prompted greater disagreements within the Coalition of Parties For Democracy and, to a lesser extent, within the cabinet.

It is obvious that the Christian Democratic Party [PDC] advocates dialogue to end the civilian-military crisis which, just because it is hidden, does not mean it is not real. But the socialist wing of the coalition rejects that idea. While the PDC conditions dialogue on the imprisonment of General Manuel Contreras, retired, at the Punta Peuco military prison, the PS-PPD [Socialist Party-Parties For Democracy] believes there is nothing to negotiate before or after Contreras is taken to prison.

In reality, Contreras' transfer to the prison is only a problem of image. He is serving his sentence in a hospital for medical reasons, which the court considers a valid and acceptable reason not to order his transfer.

In face of internal disagreements within the coalition, the government does not have a defined position on this issue. Minister Secretary General of Government Jose Joaquin Brunner was categorical a few days ago in defining the government's position as similar to that of the PS and the PPD. But the PDC leadership, after meeting with President Eduardo Frei, said the president does not oppose dialogue on the human rights issue, that he only opposes interpretative legislation of the Amnesty Law. Until a few years ago, no one would have thought an interpretative law would be necessary because the Amnesty Law was considered, in doctrine

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and in jurisprudence, sufficient to erase a crime and to acquit once and for all. But then politics got involved in the doctrine and in the jurisprudence, which is why it was necessary to have an additional political statement also containing the political trend adopted by jurisprudence in 1991 in answer to a political call by the government that year.

Within the government there is a clear difference between Interior Minister Carlos Figueroa and Minister Bruner on one side, and Defense Minister Edmundo Perez Yoma on the other because Perez Yoma believes the project of the opposition is "worth studying."

This initiative is really nothing more than a move for equilibrium because it seeks to benefit the military men on trial in similar terms of the benefits given to the leftist terrorists and subversives who faced trial. But during the Aylwin administration only terrorists and subversives benefited from laws to end the trials. There was never any discussion on the range of the Amnesty Law in relation to the leftists under its protection. Finally, those who were not acquitted but sentenced benefited from the presidential pardon that was given quickly and freely, even in favor of those responsible for horrific crimes.

Thus, as a recent poll shows, reconciliation among Chileans is still far from being reached. This is reflected in disagreements created by the initiatives that seek to facilitate reconciliation, as was the goal of the initiative submitted by opposition senators last week.

Colombia

'Friendly Country' Warns of Plan To Murder Samper

PA2707235095 Santa Fe de Bogota Emisoras Caracol Network in Spanish 2100 GMT 27 Jul 95

[Report by Gilbert Vega; from "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] Two days ago the Colombian authorities — thanks to a friendly nation — were informed that a plan to murder the president was being hatched at a jail. This was confirmed to Caracol by DAS [Administrative Department of Security] Director Ramiro Bejarano.

[Begin Bejarano recording in progress] ...that representative from the friendly country informed the president, he spoke to me, he gave me certain details and pointed me in the direction of [words indistinct] and based on this we have adopted the pertinent measures. [end recording)

Mr. Bejarano told Caracol that, due to this information, extreme security measures have been implemented for the president and his family, as well as for other ranking government officials.

[Mexico City NOTIMEX in Spanish at 2227 GMT on 27 July, in a Santa Fe de Bogota datelined, 400-word report adds that Justice Minister Nestor Humberto Martinez said the information "is being processed by Colombian authorities, who have been notified by international organizations."

[The report continues: "Intelligence reports indicate that the order to murder Samper and Defense Minister Fernando Botero was given by one of the five Cali cartel leaders who are incarcerated in Santa Fe de Bogota and Palmira. Martinez confirmed that security for Samper and his closest aides was stepped up following Gilberto Rodriguez Orejuela's arrest, and police sources have disclosed that the president's personal bodyguard has been increased by 50 percent as a preventive measure following discovery of the plot."]

Ambassador: Arrest Not To Impair Ties With U.S.

PA2807021195 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 28 Jul 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Colombian ambassador to the United States Carlos Lleras de la Fuente and National Police Director General Rosso Jose Serrano have discussed the thorny issue of the investigations going on in Colombia.

As Police Director Rosso Jose Serrano sees it, the scandal involving former treasurer Santiago Medina represents just another opportunity justice has to strengthen the struggle against the Cali Cartel.

[Begin Serrano recording] We have delivered all the information we have, and we have evaluated what we know. The truth is that I have noticed the government is very open to having everything investigated. We manage the operational aspect, and the Prosecutor's Office will handle the judicial aspect. [end recording]

In Washington, Ambassador Lleras minimized the political impact this situation could have and said it cannot impair relations between Colombia and the United States.

[Begin Lleras recording] No, I do not think this is a serious problem for the country's policies or for the government. The Prosecutor's Office is investigating the case as it suits that office, and this has nothing to do with our government or with the position of the U.S. Government. [end recording]

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The local media reported on this today and noted the political significance this situation has for the Samper administration.

Samper 'Will Not Fall Prey' to Blackmail

PA2807013795 Santa Fe de Bogota Radio and Television Networks in Spanish 0002 GMT 28 Jul 95

[Speech by President Ernesto Samper Pizano in Santa Fe de Bogota — live or recorded]

[FBIS Translated Text] Fellow Colombians, a few minutes before getting on a plane to attend the inauguration of President Fujimori in Lima, I am addressing all of you. For over a year, when I took office as president of the republic, I have pointed to the need for the entire nation to make a determined effort to fight narcocorruption. This is a goal that demands a commitment as blunt and as risky as the one the fight against narcoterrorism required at the time.

The results of our all-out fight against drug trafficking prove, as the world's public opinion has recognized it, that we are moving in the right direction. Five of the seven leaders of the Cali Cartel are being prosecuted, and the operations to capture the other leaders will continue.

We were able to eradicate more than 30 percent of illegal crops and punish the laundering of assets with the support of Congress. During the next six months, the sentences for such organized crimes as kidnapping, drug trafficking, and child molestation will be increased in an exemplary fashion.

The state security bodies, which I have been heading myself, have played a significant role in this enormous effort.

The day after the presidential elections, I, as president-elect, publicly asked the Prosecutor General's Office to investigate the financing of the campaign that led me to the presidency of the republic. I then said that, without prejudice to legal responsibilities, I would publicly disavow and would not link the government to any person who, while ignoring my instructions on the ethical control over the resources that financed the campaign, allowed the deposit of illegal money into campaign accounts.

As the first government official of the nation, I am still willing to make people honor this commitment at any price, if the Prosecutor General's Office, with the support the government has always expressed for it, prove the illegal use of drug trafficking resources in the campaign of the Liberal Party.

All Colombians can rest assured that if any use of illegal money is proven, its use took place behind my back, thus violating the ethical controls established beforehand, and that for no reason, for no reason at all, the presence of these resources has not weakened, nor will it weaken, and has not conditioned, nor will it condition, my government's unyielding resolve, which was voiced before I took office, to mercilessly fight the drug trafficking cartels, as we indeed have done by imprisoning leaders of the so-called Cali Cartel.

Precisely this week, the drug cartels have started a campaign of moral terrorism by disclosing to the media alleged evidence linking well-known people from the many economic and political sectors to drug-trafficking activities. It is even possible that drug traffickers have sought to penetrate the political campaigns in an unhidden effort to have clout to exert this type of blackmail. We will not fall prey to their intimidating tactics now that we are beginning to win the final battle against drug trafficking. We will not let anything or anyone blackmail us or intimate us.

All Colombians, including the president, were perhaps too optimistic as we thought we could do away — and we keep doing it — with the most world's most powerful crime organization without having to pay any price.

If in the past Medellin drug traffickers tried to undermine the state by placing bombs, now the Cali Cartel seeks the same goals through threats that we will not tolerate.

As president of Colombia, I prefer to assume, as I have done up to now, the consequences of this frustrated blackmail and not for innocent victims to fall, such as in the past, as a consequence of the war against drugs. In order to discard all possible doubts about my behavior, I want to inform all Colombians that today I have requested the Chamber of Representatives' Accusations Commission [Comision de Acusaciones] — the organization that the Constitution entrusts with supervising the president's behavior — to request that the Prosecutors' Office send the material that could be held in that office, in order to begin without delay the legal procedures.

We are going to close with honor and dignity and once and for all this bitter chapter in the country's life. To prolong this only serves drug traffickers and Colombia's enemies.

Many thanks.

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Prosecutor General Denies Samper Linked to Investigation

PA2807015495 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GNT 28 Jul 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] As is only natural, today's most sought-after man by journalists was Prosecutor General Alfonso Valdivieso Sarmiento. Today the official visited Cali and there, amid a sea of microphones and reporters, he spoke:

[Begin Valdivieso recording] I have said, and I repeat it here textually: If I am asked if the president, a minister, or anyone else can be linked to something in a legal process, I have to reply that this possibility cannot be ruled out. But by replying this way, I am not saying that this is so.

In fact, today, right at this moment, neither the president of the republic nor the defense minister nor high-level officials have been summoned to testify. Also, they have not been linked to this investigation. [end recording]

Defense Minister Defends Samper, Backs Investigation

PA2807043395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 28 Jul 95

[Report by Washington correspondent Cesar Mauricio Velasquez; from the "Seven O'Clock Newscast"]

[FBIS Translated Text] [Velasquez] Without knowledge of the scope of the investigation that the prosecutor general's office has under way to uncover the alleged participation of the Cali Cartel in President Samper's campaign, National Defense Minister Fernando Botero supported the efforts of the Justice Department.

[Begin recording] [Botero] Undoubtedly, the Samper administration has supported all the work done by the Prosecutor General's Office to clear up this investigation. There is support for all decisions which the general prosecutor might make during the course of the investigation which he feels are necessary to the investigation.

[Velasquez] Do you believe the Justice Department has been unfair to Samper's former campaign treasurer, Dr. Santiago Medina?

[Botero] Obviously, I cannot comment on that issue. I believe the position of the administration has always been to support the legal system. These are investigations which the president himself requested. The position of the government is to support the efforts of the prosecutor general's office in this and other existing issues.

[Velasquez] Minister Botero said he has not been summoned by the prosecutor general to clear up the issue, and he made no comment regarding his enduring friendship with former campaign treasurer Santiago Medina.

[Botero] I will not comment on that issue. What is important is that the prosecutor general's office continue the investigations it feels are necessary. I repeat that the administration's position is to support the efforts of the prosecutor's office.

[Unidentified reporter] Some in the media are asking you to resign. What is your position on this?

[Botero] No, I do not believe the media is asking me to resign.

[Unidentified reporter] Mr. Minister, one last question. Are you uncomfortable [words indistinct]

[Botero] No, I am not. [end recording]

[Velasquez] This new scandal, with Samper's former electoral campaign treasurer Santiago Medina as its protagonist, could revive the attacks on Colombia's policy fostered by some of the U.S. media and politicians in charge of spreading the old definition of narcodemocracy.

Interior Minister: Samper Campaign Had Nothing To Hide

PA2807042595 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 28 Jul 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Interior Minister Horacio Serpa defends Prosecutor General Alfonso Valdivieso's administration, but he also says that President Samper's campaign was clean. Conservative Party leader Fabio Valencia Cossio also expressed his views.

[Begin recording] [Serpa] Everything was handled honestly during the campaign; there was nothing to conceal. The campaign that led Dr. Ernesto Samper Pizano to the presidency fulfilled all the requirements; finances and activities were ethically controlled. Therefore, I am not the least bit concerned over that issue.

[Valencia] A year ago, I established a very clear position on this issue. I believe it is a legal issue that should be resolved by the judges and prosecutor general. I believe in Colombian justice and in the prosecutor, and, when the citizens implicated in these criminal affairs

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are sentenced, the book should be thrown at them. [end recording]

Ecuador

Deputies View Lifting Banking Secrecy Law

PA2607185495 Quito Voz de los Andes in Spanish 2300 GMT 24 Jul 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] [Unidentified reporter] I hope the measures the government plans to adopt — lifting the banking secrecy law and submitting an anticorruption bill to Congress — are implemented, Independent Deputy Fernando Larrea pointed out.

[Begin Independent Deputy Fernando Larrea recording] I fully agree with these measures. I hope these measures will be implemented. First, because this situation had become a hoax considering that Ecuadoran deputies have never presented affidavits of assets, simply because they always allege that the deputies are not public officials. In my case, I have no objection whatsoever. I submitted affidavits in 1984, in 1986 when my term ended, in 1990, in 1992, and I plan to submit another one when my term concludes in 1996. Second, I believe that supervising the political parties is appropriate. In the past 16 years, the political parties have pocketed 43.412 billion sucres from the Ecuadoran people. [end recording]

[Reporter] Meanwhile, APRE [Ecuadoran Revolutionary Popular Action] Deputy Gustavo Larrea said that it would be useful to lift the banking secrecy law because in some cases, it is promoting corruption.

[Begin APRE Deputy Gustavo Larrea recording] We welcome the president's proposal. We do not see any problem with it. We believe an in-depth investigation must be conducted regarding corruption problems in the country, and this is one of the aspects involved. This is actually a key aspect, I would say, which can help correct and fight corruption properly. At times, the banking secrecy law has been used to cover dirty dealings; therefore, we believe lifting the banking secrecy law is convenient. [end recording]

[Reporter] The company secrecy law should be lifted along with the banking secrecy law and to do this, the Popular Democracy Party [DP] is drafting a bill, which might be submitted to Congress in the coming months, DP Deputy Marcelo Dotti stated.

[Begin DP Deputy Marcelo Dotti recording] The banking secrecy law should be lifted because there are too many people who have secret bank accounts while others have accounts in foreign banks. It is time that a law requires that these bank accounts, both local and foreign, be uncovered as part of the campaign to fight against corruption. Soon, I will also endorse a bill to lift the company secrecy law. What will this bill consist in? As is known, there are some people who claim they have nothing because their names are not on the records of companies and corporations at the Superintendency or because they only have a tiny share in a certain company, but this company, in turn, has shares in another larger company, which, in turn, has shares in an even larger company, and so forth. The catch here is that the names of these people never appear on the records and thereby, they claim they own nothing and that they have never exploited or taken advantage of the Ecuadorans. This is what I...

[Reporter, interrupting] In light of this, Congress Vice President Marco Proano Maya stressed that the request made by President Sixto Duran-Ballen to lift the banking secrecy law is illegal because only a judge can authorize this.

Third Reform Package Presented for Final Debate

95SM0433Z Guayaquil EL UNIVERSO (Sunday Section) in Spanish 16 Jul 95 p 4

[Unattributed article]

[FBIS Translated Text] Quito—The Committee on Constitutional Affairs of Congress has presented a report for the second and definitive debate on draft articles approved on the first reading and which are part of the third package of reforms of the national constitution.

Heinz Moeller, the president of Congress, ordered the reading at the most recent session of the report presented by the legislative committee containing the texts of reforms of the constitution regarding education, the environment, political rights, the legislative function, the Constitutional Court, the autonomy of regional governments, the supremacy of the constitution, and the interpretation of constitutional reforms.

This vote will be definitive, and when it takes place, the articles contained in this third package of constitutional reforms will be approved. Subsequently, the package of reforms will be sent to the president for his approval.

New Constitutional Texts

The members of Congress themselves consider that since the texts of the reforms were approved in the first vote, it will not be necessary to debate these reforms once again—as they were reviewed by the leaders of the respective party groups and the Committee on Constitutional Affairs.

Regarding the reforms on education, the reforms provide that education is the fundamental duty of the state

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and society, a fundamental right of every person, and the right and obligation of parents. Public education is secular and free of charge at all levels.

The state will ensure equal access to university education or state supported, polytechnical institutions. The various centers of higher education will establish policies concerning the admission of students and determining the level of student applicants. At the same time, independently of the resources allocated to them in the state budget and income provided to them by law, the universities and polytechnical schools will be able to develop other sources of income.

Environment

The responsibility of the state to protect the right of the people to live in a healthy and ecologically balanced environment which guarantees sustainable development is stated as a constitutional standard.

The preservation of the environment and ecosystems, the prevention of environmental pollution, and the exploitation of natural resources are identified as matters of public interest.

Furthermore, the manufacture, import, possession, and use of chemical, biological, and nuclear weapons are prohibited, as well as the introduction into the country of nuclear and toxic wastes. The law will define violations of these provisions and will also regulate procedures for determining administrative, civil, and penal responsibilities for such violations.

Legislative Function

In this part of the constitution it is provided that for a political party to exist it must have a certain level of support expressed in electoral terms, by law.

Among the reforms which relate to the legislative branch of the government, it is provided that public officials of autonomous or dependent bodies cannot be candidates in the elections. Also included in this prohibition, in general, are those who receive remuneration from the Treasury or who will have received such remuneration within a period of 120 days preceding the election. Public servants will enjoy leave without pay to participate as candidates in the elections. They will lose their positions as public servants if they are elected.

It is also provided that the Congress will meet from 1 August to 9 October of every year in ordinary session.

In all cases in which the Congress is required to appoint officials on the basis of lists submitted to it, such lists shall be presented within a period of 20 days following the creation of a vacancy. If such lists are not received, then after a designated period of time Congress will appoint such officials without such lists. Congress will make the appointments within a period of 40 days after receiving the respective lists.

In this part of the constitution, standards will be established for the administrative decentralization of the state, which will promote the harmonious development of all of its territory, stimulate deprived areas, and distribute resources and services in accordance with the needs of the various areas of the country.

The central government will decentralize and relieve confusion in its administrative processes, granting sufficient powers to the representatives of autonomous, regional entities. In this way provincial and municipal councils will have functional, administrative, and economic autonomy. For this purpose 15 percent of the state budget will be allocated.

Constitutional Court

In these reforms the name of the Court of Constitutional Guarantees shall be changed to the Constitutional Court, as the court of last resort. In this connection the Constitutional Chamber of the Supreme Court of Justice shall be abolished.

The Constitutional Court will have the power of considering and resolving appeals presented regarding laws, decree laws, decrees, and ordinances which are unconstitutional in substance or in form, and to suspend their effect, totally or in part.

Reform of the Constitution

The changes proposed in this part of the constitution provide that, in case of doubt about the application of standards contained in this constitution, only Congress in plenary session will interpret them in a generally obligatory way—through a special, interpretative law, adopted after two debates on different days, with a favorable vote of two-thirds of all of the members.

The president and members of Congress, the Supreme Court of Justice, and the Constitutional Court may propose reforms to the constitution. Reforms to the constitution may also be presented by popular initiative.

Paraguay

President Wasmosy Departs for Fujimori's Inauguration

PY2707204595 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish 1600 GMT 27 Jul 95

[Speakers identified by screen caption]

[FBIS Translated Text] President Juan Carlos Wasmosy travelled to Peru this morning to participate in the

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inauguration of President Alberto Fujimori for his second term in office.

Wasmosy will hold bilateral meetings in Lima with his Uruguayan and Chilean counterparts.

[Begin recording] [Reporter Andres Caballero] The head of state departed for Lima, Peru, this morning. Wasmosy will participate in Fujimori's inauguration. Nine presidents will attend the ceremony, including [as heard], possibly, Cuban President Fidel Castro.

The occasion will be appropriate for bilateral meetings with the presidents of Uruguay and Peru. Wasmosy has already arranged a meeting to discuss the Paraguay-Parana Waterway and the bi-ocean corridor project with Chilean President Eduardo Frei.

[Presidential Private Secretary Ruben Melgarejo Lanzoni] This type of meeting, which has become customary in the 1990's, facilitates constant and fluid meetings among presidents.

[Caballero] Will our country discuss the waterway with the other presidents?

[Melgarejo] Yes. The president will also discuss the bi-ocean corridor project. President Wasmosy will insist on the same issue when the presidents of Mercosur [Common Market of the South] member visit our city. President Eduardo Frei will also make an official visit to our country then. The subject is a priority within the integration project with an outlet to the Pacific Ocean.

[Caballero] The Peruvian Government has implemented strong security measures in Lima. Some 100,000 men are ready to answer the new threat posed by the Shining Path to disrupt the ceremony. President Wasmosy will return to our country on the night of 28 July. [end recording]

Peru

South American Leaders Arrive for Fujimori Inauguration

Argentina's Menem

PY2807014295 Buenos Aires TELAM in Spanish 2229 GMT 27 Jul 95

[FBIS Translated Text] Lima (Peru), 27 Jul (TELAM) — President Carlos Menem arrived at 1720 (1920 Argentine time) today at Lima's Jorge Chavez Airport to participate in the 28 July inauguration ceremony of his Peruvian counterpart, Alberto Fujimori, to a second term of office.

Menem was met by Juan Castilla Meza, the transport and communications minister of Peru; Julio Balbuena, the national protocol director of Peru; Argentine Ambassador to Peru Arturo Ossorio Arana; and other government officials.

Brazil's Cardoso, Uruguay's Sanguinetti

PY2807014195 Madrid EFE in Spanish 2233 GMT 27 Jul 95

[FBIS Translated Text] Lima, 27 Jul (EFE) — Brazilian President Fernando Henrique Cardoso and Uruguayan President Julio Maria Sanguinetti arrived in Lima today to attend tomorrow's inauguration ceremony of President Alberto Fujimori, reelected for a second term of office.

Cardoso and Sanguinetti were welcomed, separately, by Juan Castilla, Peruvian transportation, communications, housing, and construction minister.

The two presidents, after being received by Castilla, reviewed the troops of the Lima military garrison, also separately.

Cardoso said that he came to Lima to congratulate the Peruvian Government for "the peace attained with its neighbor" and to "wish happiness" to the people of the Andean country.

He added that he was sure Fujimori, during his second term in office, will be able to consolidate democracy and develop the country.

Sanguinetti said that he had come to congratulate the Peruvian people and their president, "who leads the country along a legitimately democratic path."

Chilean President Eduardo Frei, Venezuelan President Rafael Caldera, and Paraguayan President Juan Carlos Wasmosy arrived in Lima before Cardoso and Sanguinetti.

Bolivia's Sanchez de Lozada

PY2807001395 Madrid EFE in Spanish 1840 GMT 27 Jul 95

[FBIS Translated Text] Lima, 27 Jul (EFE) — Bolivian President Gonzalo Sanchez de Lozada arrived in Peru today to attend the second inauguration of President Alberto Fujimori, which will be held tomorrow in Lima.

Sanchez de Lozada arrived at the "Jorge Chavez" International Airport in Lima at 1330 local time (1815 GMT) aboard a commercial flight, together with his predecessor Jaime Paz Zamora, Fujimori's special guest.

Upon arrival at the airport, Sanchez de Lozada proceeded to the "Group 8" military base, next to the airport, where he was officially welcomed by Peruvian Foreign Minister Efrain Goldenberg and Bolivian Ambassador to Peru Jorge Gumucio.

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Venezuela's Caldera

PY2707185695 Lima Radio Programas del Peru Network in Spanish 1700 GMT 27 Jul 95

[Live relay by Alvaro Hugaz from Eighth Air Group Airport]

[FBIS Translated Excerpt] The Venezuelan Air Force plane that is carrying President Rafael Caldera just landed. Venezuelan President Rafael Caldera will participate with eight other Latin American presidents in the presidential inauguration of the second term of President Alberto Fujimori. [passage omitted]

Officials are now waiting for Chilean President Eduardo Frei who is expected to arrive at 1250 here at the Eighth Air Group airport.

Chile's Frei Denies 'Hard or Soft Policy' on Military

PY2807032895 Santiago Universidad Catolica Television Internacional in Spanish 0100 GMT 28 Jul 95

[FBIS Translated Excerpt] This afternoon in Lima, Chilean President Eduardo Frei said he does not apply a hard or soft policy with the military personnel, but that he abides by the Constitution.

The Chilean president held a meeting with Peruvian President Alberto Fujimori. This is the first meeting for a bilateral rapprochement. We now have a report from Lima by Patricia Silva:

[Begin recording] [passage omitted] [Frei] Chile and its government wants to maintain excellent relations with its neighboring countries, and in this sense we hope to be able to work openly with President Fujimori during his second term in office.

[Silva] This visit Frei — who said here he does not apply a hard or soft policy with the military, but that he abides by the Constitution and the laws — is paying to Peru is especially significant because it will contribute to achieving progress regarding the Lima Convention, pertaining to the pending border issues.

Moreover, Chile is one of the guarantor countries for the Peru-Ecuador conflict. This subject hit the headlines here today because an agreement was reached yesterday regarding the demilitarization of 528 square km in the zone where the conflict took place.

[Frei] President Fujimori has reiterated what he told me in Montevideo during President Luis Maria Sanguinetti's inauguration, that is, the Peruvian Government's willingness to continue working through the two foreign ministries to be able to consolidate this effort during his second term in office. He believes this is extremely important, and is willing to continue working. We have reiterated the willingness of Chile and our Foreign Ministry to consolidate this effort as soon as possible. [passage omitted] [end recording]

Cuba's Robaina on Overcoming Economic 'Crisis'

PY2807001795 Madrid EFE in Spanish 2112 GMT 27 Jul 95

[FBIS Translated Text] Lima, 27 Jul (EFE) — Cuban Foreign Minister Roberto Robaina said today that Cuba has already overcome the worst of the economic crisis that began with the collapse of the extinct "socialist block" and is now experiencing a recovery process.

The Cuban foreign minister, who arrived in Peru to attend the second inauguration of reelected President Alberto Fujimori, said that his country's recovery has been possible thanks to other countries' investments in Cuba.

Robaina said: "Against all predictions, we have been able to overcome the crisis. The worst has passed and we did not disappear in 1989, as some had predicted."

He admitted, however, that the Cuban economic situation is not yet optimal, and attributed it to the disappearance of "the privileged relations" his country had with the extinct socialist block and to the current "commercial blockade" that has been imposed by the United States for more than 30 years.

Robaina added that the blockade could not be expanded "as intended by the Torricelli law," which prevents branches of U.S. companies in other countries from trading with Cuba.

"Fortunately, an increasing number of daring people refuse to observe the blockade and do engage in trade with Cuba, respecting the path chosen by my country," the Cuban foreign minister said.

Among the "daring people" he mentioned investors from Chile, Canada, Spain, and Mexico, and from other Latin American countries and regions of the world.

Geopolitical Experts Approve Demilitarized Zone

PY2807011495 Madrid EFE in Spanish 1622 GMT 27 Jul 95

[FBIS Translated Text] Lima, 27 Jul (EFE) — Peruvian experts in geopolitics and in security matters today termed "positive" the demilitarized zone agreed upon by Ecuador and Peru, with the support of the guarantor countries of the Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States).

According to the agreement, no military force will be able to enter that zone of 484 square km [figure as

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received] and no military flights will be made over that area without previous authorization by the Mission of Military Observers for Ecuador and Peru (MOMEP).

Francisco Morales Bermudes, former Peruvian president and retired general, stressed the fact that the area was established based on geographic coordinates and not on specific places, and added that "it is a trapezium that balances the two countries' territorial space, which rules out the possibility of armed clashes."

Retired General Eleazar Gutarra said that in the zone "there is a small difference of 5 km in favor of Ecuador, but in general terms it is acceptable."

He added: "The most important thing is that the Ecuadoran post of 'Banderas' was included in that zone, because it played an important role during the war waged five months ago."

Analyst Enrique Obando said that "quite an equitable agreement has been reached because the areas covered are almost similar, with a difference of only 5 km."

He also considered important the fact that the guarantor countries have promised to guarantee the demilitarization of the zone, and that the two countries in conflict should keep a balance of weapons beyond the agreed upon area.

Composition of Fujimori's New Cabinet Disclosed

PY2807001995 Madrid EFE in Spanish 2213 GMT 27 Jul 95

[FBIS Translated Text] Lima, 27 Jul (EFE) — Education Minister Dante Cordova Blanco has been appointed prime minister by Peruvian President Alberto Fujimori, in the cabinet elected to start his new term in office. This information was disclosed today by the press secretariat of the Presidency of the Republic.

Blanco replaces Efrain Goldenberg, previous prime minister and also foreign minister, as president of the Council of Ministers. Goldenberg is one of two ministers the head of state has changed in his cabinet.

Fujimori has appointed Francisco Tudela, former legislator of the independent movement Renewal, as foreign minister.

According to the note issued by the press secretariat of the Presidency of the Republic, another cabinet change made by the president is in the Labor and Social Promotion Ministry, where Sandro Fuentes, former chief of the National Tax Administration Superintendency, will replace Augusto Antonioli.

The information states that the new cabinet will be sworn in before Fujimori at Government Palace, after the president takes the oath of office beginning his second consecutive presidential term during a ceremony that will be held on the same day in Congress.

Thus, the following are the heads of the fourteen ministries:

Prime Minister and Education Minister: Dante Cordova

Foreign Minister: Francisco Tudela

Defense Minister: Army General Victor Malca

Economy and Finance Minister: Jorge Camet

Interior Minister: Army General Juan Briones

Justice Minister: Fernando Vega

Health Minister: Eduardo Yong

Agriculture MInister: Absalon Vasquez

Labor and Social Promotion Minister: Sandro Fuentes

Industry, Tourism, Integration, and International Trade Negotiations: Liliana Canale

Energy and Mines Minister: Amado Yataco

Transportation, Communications, Housing, and Construction Minister: Juan Castiila

Fisheries Minister: Jaime Soberto

Minister of the Presidency: Manuel Vara

Police Discover Shining Path Arsenal

PY2707161695 Lima LA REPUBLICA in Spanish 20 Jul 95 p 4

[FBIS Translated Text] A building that served as an explosives warehouse for the Shining Path [SL] has been discovered by the police. This is considered one of the harshest blows to the plans of the faction headed by "Comrade Feliciano" to unleash terror before and after the independence celebration festivities.

A confidential police report states that the subversives selected strategic targets for their attacks in a move to call the attention of the international community.

The targets were military garrisons, police posts, diplomatic facilities, refineries, transnational companies, and homes in residential areas.

Several cylinders of highly explosive material (carbonic acid gas, acetylene, and compressed oxygen) were to have been used by the subversives. The shrapnel of the cylinders would have multiplied the destructive effect of the explosions.

The SL arsenal was found in La Florida district, near the zinc refinery in Cajamarquilla and an Army detachment.

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The police found, hidden underground, 38 cylinders of carbonic acid gas, acetylene, and compressed oxygen which were to have been used as the explosives, reinforced with dynamite charges.

Police experts said the terrorists had an arsenal equivalent to about 760 kg of pure dynamite or 350 war grenades, which is enough to destroy several blocs anywhere in Lima.

The SL hideout where the explosives were found was discovered after a month of persistent follow-up and intelligence work by agents of the Kidnap Investigation Division, Divise.

Divise agents captured two alleged subversives who are reportedly directly involved in obtaining the explosives.

One was captured on the Ramiro Priale highway, near Huachipa, and the other upon leaving his house on Route C in Villa El Salvador.

They were handed over to the National Counterterrorism Directorate, Dincote. Their identities are secret because officials believe their capture is only "the beginning of the investigation" and that other members of the organization will soon fall.

The police stated the 38 cylinders of carbonic acid gas, acetylene, and compressed oxygen were stolen on 12 February from a truck at km 22 of the Central highway near Nana.

A terrorist commando of 18 men disguised as policemen stopped a truck of the California transportation company that was carrying the cargo to Huancayo. The operation was carried out in broad daylight simulating a police "operation."

The cylinders, which are worth $150 each, belonged to the Peru-Gas Company and Liquidos y Carbones del Peru Company which reported the theft.

The truck driver and his two helpers were taken by surprise by the alleged policemen who, acting with self-confidence, asked for their identification documents.

It all seemed like a "blockade" operation until the driver and helpers were beaten, drugged, and kidnapped.

The driver was dumped on an empty plot outside Huachipa where he came out of his dazed condition. There is no information on what happened to the two helpers but it is possible they avoided police interrogation because they received death threats.

The same commando perpetrated three similar actions on the Panamericana Norte highway near the Sol de Oro housing complex, and near the La Atarjea water processing plant.

A report by the Bomb Disposal Squad, Udex, states that the SL subversives tested the bomb with carbonic acid gas, acetylene, and compressed oxygen during an attack on a well-known bottling company on Colonial Avenue.

The results of the explosion in that company two years ago were similar to a car bomb. The company had to demolish part of the building and had to buy new trucks.

The terrorists used scotch tape to attach dynamite charges to the cylinders which considerably increased the destructive power.

Yoshiyama Rules Out Devaluation, Payments Crisis

PY2807034295 Lima EL PERUANO in Spanish 19 Jul 95 p A3

[FBIS Translated Text] CCD [Democratic Constituent Congress] President Jaime Yoshiyama last night stated that there will be no devaluation and that the handling of the economic policy will prevent any balance of payments crisis.

The exchange rate cannot be easily changed, because of the tremendous harm it can cause among the poorest of the country, he said.

Yoshiyama, who in a few days will conclude his task within the CCD, told exporters that their overrun costs must be reduced because the structural reforms implemented by the government seek to increase exports.

He then recalled the number of actions adopted to liberalize the transport industry, to eliminate the longshoremen monopoly, to improve the Pan-American highway and the central highway, to eliminate the electricity monopoly, etc.

I view the country's future with great optimism, and I believe exports will grow during the next five years, he said.

Yoshiyama made these remarks during the ceremony marking the 22d anniversary of the founding of the Exporters Association (Adex), held at the auditorium of the La Molina Credit Bank. Present at this ceremony were the ministers of economy, fisheries, industries, and agriculture.

He also briefly reviewed the congressional work, stressing the importance of the Job Development Law and the Land Law.

With the Land Law, an obscure period of agrarian economy has been concluded to give room to private investment in the field and in the country's development, he said.

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PRC Military Group Says Economic Growth 'Positive'

PY2807001595 Lima EL PERUANO in Spanish 20 Jul 95 p A2

[FBIS Translated Text] Trujillo — General Li Jing, deputy chief of staff and general of the Chinese People's Liberation Army (PLA), who is making an official visit to Peru, said yesterday that the Peruvian economy is experiencing positive growth, as reflected in the people's well-being.

The Chinese general added: "In addition, great development has been achieved in this country's pacification process, which benefits its inhabitants."

Li Jing is heading a PRC military delegation comprising seven members that arrived on 15 July 1995 and will stay in the country until the end of this week.

Some members of the delegation are Major General Guang Li, chief of staff of the Beijing military district, and Lieutenant General Wang Xugong, vice admiral of the PLA naval aviation unit.

During his visit to Trujillo, Li Jing thanked President Alberto Fujimori for his invitation and for being so well treated during their stay in the country.

He added that they will exchange experience with their Peruvian counterparts of the 32d Infantry Division, headed by Peruvian Army General Carlos Indacochea Ballon.

The Chinese delegation will tour the archeological zones of Huaca del Sol and La Luna and the swimming resort of Huanchaco, where they will be able to appreciate the traditional and world-famous horse figures made of totora straw.

In the afternoon the Chinese delegation will return to the capital.

Venezuela

Caldera Leaves For Fujimori's Inauguration

PA2707191995 Caracas Venezolana de Television Network in Spanish 1550 GMT 27 Jul 95

[From "The News" newscast]

[FBIS Translated Text] Venezuelan President Rafael Caldera left this morning for Peru to attend the inauguration of President Alberto Fujimori, who was reelected for a second 5-year constitutional term. The Venezuelan president is accompanied by the foreign minister and representatives from the national congress and the economic sector.

Venezuelan-Peruvian relations have always been satisfactory, but they suffered a serious setback in 1992 when the Carlos Andres Perez administration broke diplomatic relations after the Peruvian Congress was dissolved, an event that became known in history as the Fujimorazo.

President Caldera's visit to Peru is a most evident sign of a rapprochement between Venezuela and Peru. Presidents Caldera and Fujimori will hold a private meeting on 29 July at the Peruvian presidential office.

Burelli Cited on Need To Revise Assistance Treaties

PA2707210595 Caracas Venezolana de Television Network in Spanish 0200 GMT 27 Jul 95

[From "The News" newscast]

[FBIS Translated Text] Crimes resulting from new technologies and the evolution of mankind make it necessary for Venezuela and the United States to revise and update the Penal Assistance Treaty signed 70 years ago, which undoubtedly has become obsolete.

[Begin recording] [Foreign Minister Miguel Angel Burelli Rivas] Progress has brought great things, but at the same time new crimes have emerged that were not contemplated in the codes or treaties signed many years ago.

[Unidentified reporter] Are you talking about kidnappings and similar crimes?

[Burelli Rivas] Kidnappings, money laundering, drug trafficking. [end recording]

Minister Burelli Rivas also denied rumors about his alleged resignation as foreign minister and his appointment as Venezuelan ambassador to France.

Reform in Employment Benefit System Urged

PA2807032995 Caracas ECONOMIA HOY in Spanish 25 Jul 95 p 4

[Report by Dora Paredes]

[FBIS Translated Text] The reactivation of the productive sector and the improvement of workers' incomes in real terms — for which it is essential to reform the current benefits system — are goals that are also included in the anti-inflation pledge.

This proposal was formulated by Finance Minister Luis Raul Matos Azocar at one of the question and answer sessions held during the debate on his macroeconomic plan at the recently concluded Fedecamaras [Venezuelan Federation of Associations and Chambers of Commerce and Industry] annual assembly. He added that "the anti-inflation pledge is not limited to a macroeconomic stabilization plan."

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Matos Azocar said that one of this pact's virtues is that it gathered around one table all the actors involved in the process to reform the current benefits system, an issue that is also among the pledges assumed with the signing of the letter of intent.

In this regard, Matos said that the technical commissions in charge of defining the conditions for the implementation of the pact should take up the issue of reforming the benefits system "so that the struggle against inflation will also include workers' incomes and will increase their buying power, which would unquestionably raise their standard of living."

The finance minister added that "under the current system, this is not possible because its retroactive effect hinders the improvement of salaries, punishes seniority, and restricts investment in human resources to optimize the country's competitiveness."

What Is Happening?

The proposal set forth by the commission that studied the matter was rejected by the business sector because to change retroactivity for a table of calculations that increases the number of days for which benefits must be paid — increasing with the years the worker has with the company — perpetuates the current system's defects.

Furthermore, it introduces elements of labor instability, discourages investment in training, and suggests a minimum indexation of 8.5 percent without any relation to improved productivity, an element which can, as it has in other countries, lead to hyperinflation.

These issues were also discussed at the Fedecamaras assembly. At the forum on social security in Venezuela, besides examining social security problems, the urgent need to decentralize health services, and to make labor laws more flexible, the alternative model of social benefits known as "Add and Continue Method" or "Excellent Thesis" was explained.

This system eliminates the formation of liabilities within the management sector, thereby facilitating access to better salaries and maintaining benefits at 30 days of wages for every year of service, regardless of the workers' seniority. It also makes investment in training and general wage increases possible.

The method — which has given rise to analyses by the business sector — consists of opening a trust fund for each worker with the equivalent of 30 days of wages after his first year on the job (or with the amount he may have in accumulated benefits). From now on, instead of waiting for an entire year to pass before depositing the 30-day downpayment in the benefits fund, this amount will be divided into 12 and a downpayment of one-twelfth the amount will be deposited monthly, allowing the worker to gain progressive interest on the growing total.

Credit Lyonnais Pullout May Weaken Banco Provincial

95P2095S

[FBIS Media Note] Credit Lyonnais, as part of its effort to restore itself to economic health, is divesting its shares in Venezuela's largest bank, the Banco Provincial, and in doing so may destablize it, according to an article in the Paris daily LIBERATION on 21 July. The Credit Lyonnais divestiture is seen by the Venezuelan financial community as a loss of credibility for the Banco Provincial, despite the fact that Credit Lyonnais is a troubled bank. Several large clients have reportedly already threatened to leave Provincial in the event new shareholders do not seem solid enough. The quality of the bank's services already seem to have deteriorated, the article noted. International transactions which were completed in 24 hours now are experiencing delays of several weeks.

The divestiture is expected to take place by the end of the year and involves 18 percent of Credit Lyonnais's shares in Banco Provincial. With this "brutal" disengagement on the part of Credit Lyonnais, the Venezuelan banking system will undergo yet another jolt, following on the heels of a dozen banking failures during the last year. Moreover, Banco Provincial, because of its deteriorating earnings, will be unable to buy the Credit Lyonnais shares under its own name. Its total profit margin has already fallen nearly 15 percent, its operating profits by 2 percent, and that of investment portfolio yield nearly 80 percent.

The Credit Lyonnais sale entails $300 million, excluding the $50-million worth of shares it also holds in the Banco Lara, which will also be sold. No buyers have yet come forward, however, a source close to the government has stated that a group of Argentine investors who already own part of Banco Provincial may buy the shares.

Fogade Takes Control of Intervened Banks' Assets

PA2807042095 Caracas EL NACIONAL in Spanish 27 Jul 95 p E-8

[Article by Fabiola Sanchez]

[FBIS Translated Text] The Deposit Guarantee and Banking Protection Fund [Fogade] yesterday took absolute control of the assets of intervened banks totaling 525.245 billion bolivares.

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The presidents of the intervention boards formally turned over to Fogade assets that had been pledged by the intervened banks' former directors in exchange for financial help.

Fogade President Enrique Nucete and the directors and legal counselors of the intervention boards of Barinas, Bancor, La Guatra, Marcaibo, Fiveca, Metroplitano, and Construccion Banks, signed the basic contracts wherein the definitive and irrevocable transfer to Fogade of the bank assets which each institution turned over during the financial aid process is formalized.

Attorney General Jesus Petit Da Costa was present at the ceremony as the state's representative to guarantee the agreement signed between the interveners and Fogade.

Members of the Banco Amazonas intervention board were the only ones absent during the signing of the transferal documents. Regarding their absence, Nucete explained that due to reasons regarding procedures the Banco Amazonas had postponed the signing of the contracts until this afternoon.

Nucete specified that within 15 days the interveners and Fogade will choose the experts to make the appraisals in 45 days. Once the appraisals have been made, the assets will be sold.

Part of the credit portfolios of the intervened banks, which total 367.671 billion bolivares, will be transferred to government banks, which will administrate them for Fogade. Official sources said that 75 percent of these portfolios (275,753 billion bolivares) are lost because they are part of the loans that were given to companies affiliated with the intervened financial groups.

Regarding the steps to be taken at this stage, the attorney general said that the interveners should turn over all deeds or documents in which loans against debtors are established. Likewise, the intervention boards must publish an advertisement in the Official Gazette of the Republic to notify all debtors that their new creditor is Fogade.

Each immovable asset should be registered in the corresponding branch office.

In addition, Nucete announced that tomorrow the Technical Committee, which will coordinate the sale of Banco Consolidado, will be installed. The work group will include Consolidado President Luis Hinestrosa, Nucete, and Aquiles Rojas, who will represent the Emergency Finance Board.

Labor Minister: Court Employees 'Violating the Law'

PA2807025695 Caracas Venezolana de Television Network in Spanish 0200 GMT 27 Jul 95

[Report by Hector Mateus, from "The News" newscast]

[FBIS Translated Text] After the Council of Ministers, Labor Minister Juan Nepomuceno Garrido said that there is no money and that court employees are violating the law by paralyzing the administration of justice. Garrido categorically and firmly replied to judicial workers. He told them that there is no money and that they must return to work.

[Begin Garrido recording] Court workers are violating the law. They must respect the law if they want solutions to their problems. No one has tried to deny any sector the right to strike. According to the International Labor Organization's Committee for Labor Freedom and laws in Europe and Latin America, some services cannot be disrupted. [end recording]

Meanwhile, the conflict is expected to continue until the executive branch finds the funds and court employees return to work.

Congress Dismisses Security, Enforces Personnel Reduction

PA2607155095 Caracas EL UNIVERSAL in Spanish 22 Jul 95 p 1-12

[Report by Clodovaldo Hernandez]

[FBIS Translated Text] The Directorate of Intelligence and Prevention Services (Disip) will be relieved from internal security duties at the National Congress. This responsibility will be assigned exclusively to the National Guard according to a resolution passed yesterday by Congress directors and technical advisers.

Disip's dismissal from providing security to the Legislative Branch was decided as a way to settle things once and for all after certain congressmen charged that political police members were not watching the security of Congress buildings or looking after the congressmen's integrity, but were spying them.

According to estimates, some 25 members of different ranks of this security body were working in Congress.

Security will be handled only by the National Guard, an Armed Forces body that has established a physical security command in the Legislative Palace. To decide the terms of this new responsibility, Congress directors will meet within the next few days with National Guard Commander General Julio Cesar Pena Sanchez.

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Also, internal guards who are not Disip members will remain on duty.

Let Them Go

The problem of supernumerary personnel, which Congress has been dragging along for a long time, was also discussed yesterday. It was pointed out that the measures recommended by a company that made a personnel audit in 1994 have not been carried out yet.

On that occasion, Congress was advised that it should dismiss at least 180 employees who, according to the study, did no work at all or held positions unnecessary for Congress. The authorities only dismissed 25 people with the aggravating circumstance, according to some versions, that these workers did not belong to the aforementioned group but lacked "connections" [padrinos]. Many of them managed to be rehired because they threatened to denounce the real goof-offs [reposeros — employees that enjoy frequent and undeserved leaves and vacations].

At the meeting it was agreed that it was necessary to resume the original policy and dismiss them all, a decision which, according to an informant, will be applied this time without any considerations.

Apparently because the original list suffered some strange alterations, various important administrative employees will also be dismissed. They are considered responsible for these changes and for not strictly enforcing the personnel reduction that was ordered last year.

Court Employees Continue Strike, To March 26 Jul

PA2607224495 Caracas Venezolana de Television Network in Spanish 0200 GMT 26 Jul 95

[Report by Beatriz Hernandez, from "The News" newscast]

[FBIS Translated Text] Court employees decided to take to the streets on Wednesday demanding payment of overdue salaries totalling 7.5 billion bolivares, which the government is trying to pull out of nowhere.

Meanwhile, court employees carried out their threat of preventing judges, even those handling urgent cases, from working with even the minimum number of people, in other words a secretary and a sheriff.

[Begin Esperanza Hermida, director of the National Organization of Court Workers, recording] We have announced a vigil for Thursday, together with the taking over of all facilities of the main state capitals. In addition, beginning Friday, we will suspend all types of activities at institutions with headquarters located in the judiciary facilities. [end recording]

The inactivity of all courts in the country is entering its third week. While authorities have warned about militarization, court workers will reiterate their demands on Wednesday by means of a national march that will end at the Miraflores Palace in an attempt to obtain the funds necessary to have dignified salaries, including those of the country's judges.

Senate Votes on Military Promotions

95SM0430A Caracas EL DIARIO DE CARACAS in Spanish 28 Jun 95 p 17

[Article by Alcides Castillo J.]

[FBIS Translated Text] With the opposing votes of the MAS [Movement Towards Socialism] and Cause R (LCR) in the specific case of a lieutenant colonel in the GN [National Guard], and with the urgent recommendation by the minister of defense that the procedure be improved for next year, the Senate approved the promotions of 172 officers in the National Armed Forces [FAN].

Lewis Perez Daboin, president of the Senate Defense Commission, submitted the report to the plenary session, emphasizing that after a lengthy process during which the various suggestions of Minister of Defense Moises Orozco Graterol, as well as the commanders of the four armed branches, were heard, it was decided to approve the proposed promotions to the ranks of major general, vice admiral, brigadier general, rear admiral, colonel, and naval captain.

He admitted that opposing votes were cast by Senators Orlando Fernandez (MAS), and Lucas Matheus (LCR) in connection with a specific case involving GN Lieutenant Colonel Oscar Angulo Davila, "but this was simply because the explanations given at a certain point in the procedure did not measure up to their expectations."

Freddy Munoz, an independent senator, also opposed the majority of the promotions, but not in the report. He maintained that many of the promotions should have been denied, and he emphasized that he has a very clear conviction on this matter.

Perez commented that the Senate Defense Commission voted unanimously to make various suggestions and hopes that the Ministry of Defense will approve them in order to improve the military promotion procedure for next year. However, the members admitted that the implementation of the Organic Law on the National Armed Forces [LOFAN] has substantially improved the procedure for screening the various officers proposed for promotion.

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They further recommended that until the LOFAN is further amended, the Ministry of Defense be asked to eliminate the system of qualification based on accreditation and commissions. They also expressed the view that it is essential to ensure observance of the provisions of Article 186 of the LOFAN, which requires that a list of the vacant posts in each branch be published in the month of January every year.

Perez also announced that the Defense Commission will immediately undertake the overall revision of the LOFAN in order to bring the aspects pertaining to the evaluation system up to date.

Bernardez on Need for Economic Plan

95SM0430B Caracas EL DIARIO DE CARACAS in Spanish 30 Jun 95 p 9

[Article by Armando J. Pernia]

[FBIS Translated Text] Valencia—President Carlos Bernardez of the Venezuelan Investment Fund (FIV) admitted to the 25th CONINDUSTRIA [Venezuelan Council of Industry] Assembly that the government "has no specific economic plan, and one urgently needs to be defined. In this case, an imperfect one would be better than none." Bernardez made it clear that he supports a devaluation of the bolivar. He stated that as an isolated measure, this will resolve nothing, "but it is not possible to establish any economic program that fails to include a realistic adjustment of the rate of exchange."

The head of the FIV explained that he had discussed this issue with economist Douglas North, a Nobel Prize winner in this field, who told him that until the executive branch establishes a specific strategy, "nothing can be done."

In the opinion of Bernardez, the discussion of the anti-inflationary pact should be utilized in drafting this strategy. However, he expressed profound regret that "some private sectors want to abandon the pact."

Contradictions

Carlos Bernardez noted that the contradictions within the cabinet are affecting the privatization process. He cited three examples—the CANTV [National Telephone Company of Venezuela], of which the state wants to sell 49 percent of the shares, while at the same time freezing rates; the mining industry, which some say should be opened up to investments, while others claim it should not be exploited; and the Central Power Plant, in which connection the desire is to sell an electrical complex burdened with a package of subsidies and controls. "Privatization does not depend either on the purchasers or on the sellers. For this reason, we must insist on negotiation for those enterprises wherein we have comparative advantages, and which are not affected by the controls, such as the oil industry," he emphasized.

Yesterday, Bernardez proposed to the Electrical Energy Regulatory Commission a new decree that would make conditions in the sector more flexible. He also announced that the draft law that will make it possible to accept Brady bonds as a part of the payment for assets is almost complete.

"There must be the freedom to negotiate. The inability to pursue proper negotiations to the benefit of the state because of the hindrances imposed by a concept that regards public employees as corrupt cannot be tolerated," he emphasized.

Devaluation—To Be or Not To Be?

It was learned unofficially in Valencia yesterday that the government is contemplating effecting a devaluation to achieve a balanced rate of exchange, which would make 230 bolivares equal to one dollar. However, this position was bitterly opposed within the group of government economic officials, including the heads of the Ministry of Finance and the CORDIPLAN [Office of Coordination and Planning]. This "adaptation of the exchange rate to reality" was one of the concerns expressed by businessmen in connection with the anti-inflationary pact.

In the opinion of a highly reliable source, this was the cause of the contradiction within the government that made the postponement of the anti-inflationary pact necessary, since devaluation was a part of the plan for future adjustment.

It has been learned that CORDIPLAN technicians explained to the chief executive that devaluation would only provide the national budget with some 90 billion bolivares. Obviously, this sum would not help to resolve the budget imbalance.

Bernardez said in Valencia that President Caldera "is more sensible and understands more about the economy than people think he does, so that he is willing to consider this plan" (for which term, read "devaluation").

The Aeropostal Drama

Carlos Bernardez indicated that Aeropostal could be privatized, but that it is in truly serious condition, despite the speedy action taken by the court that dealt with the bankruptcy. The FIV official said he advocates elimination of the norm requiring that 49 percent of

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airline financing be provided by domestic capital—since, under these conditions, it will be impossible to find a foreign partner.

Finally, he confirmed that economist Steve Hanke has delivered a report to President Caldera on the conversion fund, which is now under study. However, he said, "There should have been a previous commitment to maintain fiscal discipline and to refrain from issuing inorganic currency."

Fate of the Pact

Last evening, at the Intercontinental in Valencia, some very gloomy predictions were made about the fate of the anti-inflationary pact. According to some sectorial leaders, each production branch will issue a specific statement within the next few days. The common points include rejection of the postponement and the complaint that in the view of the private sector, the government has failed to play its part in these discussions.

Threat of Hyperinflation

Armando Leon, the general director of economy for the CORDIPLAN, advocates reestablishment of "the major points of consensus" so as to find a way of achieving an immediate macroeconomic adjustment. This is necessary because there is in Venezuela "a real and serious danger that hyperinflation will develop."

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